

# Daily Report

## China

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### CONTENTS

21 September 1987

#### INTERNATIONAL AFFAIRS

##### General

PRC Response to US-USSR INF Accord .....	1
Foreign Ministry On Accord .....	1
RENMIN RIBAO Commentary [20 Sep] .....	1
XINHUA Commentary .....	1
CHINA DAILY Commentary [21 Sep] .....	2
Wu Xueqian Leaves for UNGA Session .....	3
Third World Academy Discusses Advancements .....	3
PRC Cited as Example .....	3
Cooperation Discussed .....	4
Official Views PRC Subsidence Measures .....	4
World Critics Praise PRC Films [CHINA DAILY 19 Sep] .....	5
Briefs .....	5
PRC Joins Consumers Union .....	5

##### United States & Canada

Embassy Concerned Over Dalai Lama Visit .....	5
Wan Li Talks With Xerox Corp Delegation .....	6
Zhou Peiyuan Attends Printing Conference .....	6
Heilongjiang Hosts Delegation From Alaska .....	7

##### Soviet Union

Chinese, Soviet Foreign Ministers Meet .....	7
Soviet Puppet Troupe Stages Performance .....	7
Mongolian Politburo Alternate Member Dies .....	8
PRC Complaints on Japanese COCOM Case .....	8
Decisions Hurting Trade .....	8
Affects Trade [CHINA DAILY 19 Sep] .....	8
Japanese Diet Adopts Friendship Resolution .....	8
Japan Envoys Suggest Ways To Improve Ties [KYODO] .....	9
Wan Li Meets With Japanese Trade Unionists .....	9
Li Peng Meets Japanese Industry Delegation .....	9
Japanese Firm To Develop Bohai Oilfields .....	9
Tianjin To Open Investment Office in Tokyo .....	10

##### Southeast Asia & Pacific

Yunnan Militiamen Kill Vietnamese Intruders .....	10
Increase in Trade With ASEAN Countries .....	
[CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) 21 Sep] .....	10
Tianjin Goods Exhibited in Singapore .....	11

##### Near East & South Asia

Iranian Energy Official Confers In PRC [IRNA] .....	11
Huang Hua Meets Iraqi Friendship Delegation .....	11
Trade Union Head Meets Indian Delegation .....	11

##### Sub-Saharan Africa

Madagascar Friendship Delegation Visits .....	11
-----------------------------------------------	----

Li Xiannian Meets Group .....	11
Delegation in Shandong .....	12
Chen Pixian Meets Zambian Chief Justice .....	12

#### West Europe

British Army Chief of General Staff Visits .....	12
PRC-FRG Trade Deficit Drops in First Half .....	12
Exports to EC Increase in First Half-Year .....	12
Ni Zhifu Meets French Trade Union Delegation .....	12
Economic Delegation Ends Swiss Visit .....	13
Tourism Director Departs for Madrid Session .....	13
Briefs .....	13
France Sends Satellite Photos .....	13

#### East Europe

East European Economic Reforms Reviewed [BAN YUE TAN 25 Aug] .....	13
New Hungarian Leader Profiled as Confident .....	14
Chen Muhua Meets Hungarian Delegation .....	15
Romania Signs Scientific Cooperation Accord .....	15
Li Yimang Meets, Fetes Yugoslavian Guests .....	15
PRC Exhibits Electronic Products in Poland .....	15

#### Latin America & Caribbean

Chilean National Day Marked at Reception .....	15
Zhi Gong Dang Group Ends Jamaica Visit .....	16

#### NATIONAL AFFAIRS

Deng's April Speech to Hong Kong Committee [Hong Kong TA KUNG PAO 20 Sep] .....	17
LIAOWANG To Preview 13th CPC Congress [Hong Kong ZHONGGUO XINWEN SHE] .....	19
Industrial Policy on Agenda [Hong Kong MING PAO 19 Sep] .....	20
Computer System To Be Used .....	21
100 Xinjiang Uighurs Demonstrate in Guangzhou [Hong Kong ZHONGGUO TONGXUN SHE] .....	21
Criteria for Initial Stage of Socialism Viewed [GUANGMING RIBAO 7 Sep] .....	22
Xi Zhongxun, Li Peng at Huang Yaomian Funeral .....	23
Ni Zhifu Visits Arc Welding Contestants .....	24
Chen Muhua Says Reduce Money Supply .....	24
Chen Muhua at Finance Institute Opening .....	24
Qin Jiwei, Others at Musical Performance .....	24
Advisory Commission Member Discusses Textiles .....	24
Zhang Jingfu Discusses Rural Mining Industry .....	25
Cui Naifu at Forum on Urban Welfare .....	25
Zhu Xun Explains Growth of Rural Mining .....	25
'Value-Added Type' National Defense Viewed [JIEFANGJUN BAO 4 Sep] .....	26
Students To Get More Military Training [Hong Kong SOUTH CHINA MORNING POST 20 Sep] .....	27
Commentator Views Intensifying Reforms [JINGJI RIBAO 5 Sep] .....	28
Relationship Between Wages, Prices Viewed [GUANGMING RIBAO 22 Aug] .....	29
Paper on 'Double Increase, Double Economy' [HONGQI 1 Sep] .....	31
1st Price Control Regulations Published .....	32
Vegetable Price Controls Viewed [CHINA DAILY 17 Sep] .....	32
Financial, Banking Reforms Yield Good Results .....	33
Officials Expelled for Taking Bribes .....	34
XINHUA Urges More University Research [RENMIN RIBAO 19 Sep] .....	34
Foreigners' AIDS Tests Sparks Protest [AFP] .....	34
Expert Sees Continued Population Growth .....	35
RENMIN WENXUE Chief To Be Reinstated [Hong Kong WEN WEI PO 20 Sep] .....	36
Commentator Stresses Air Pollution Control [RENMIN RIBAO 12 Sep] .....	36

#### REGIONAL AFFAIRS

##### East Region

Fujian Secretary Speaks at Memorial Service .....	37
---------------------------------------------------	----

Chen Guangyi on Fujian Economic Development .....	37
Jiangsu Secretary at Rural Work Meeting .....	37
Shanghai Leaders on Students' Activities .....	38
Jiang Zemin, Qian Yongchang Meet Exhibitors .....	38
Zhejiang's Xue Ju at PLA Training Meeting .....	38
Typhoon Kills More Than 60 in Zhejiang .....	38
Seven Dead in Zhejiang Ferry Accident .....	38
Hangzhou Exhibition on Foreign Instruments .....	39

#### Central-South Region

Guangdong Circular on Taiwan Compatriots .....	39
Governor Welcomes Visits [Hong Kong ZHONGGUO XINWEN SHE] .....	39
Guangdong Seen As 2d Nuclear Plant Site [Hong Kong HONGKONG STANDARD 21 Sep] .....	40
Guangzhou Executes Thief From Hong Kong .....	40
Hunan Public Order Situation Highly Complex .....	41

#### Northeast Region

Heilongjiang's Sun Weiben Votes Elections .....	41
Jilin's Gao Di Meets Yan Jici, Scientists .....	41
Jilin People's Congress Committee Meeting .....	42

#### PRC MEDIA ON TAIWAN AFFAIRS

Visiting Taiwan Reporters Meet Compatriots .....	43
Taiwan Residents Anxious To Visit Mainland .....	43
Guangdong Promotes Tourism for Taiwanese .....	43

#### TAIWAN

Government Addresses Mainland Visit Issue .....	44
President Hears Report [Hong Kong ZHONGGUO XINWEN SHE] .....	44
'More Open Policy' .....	44
Tentative Measures [Hong Kong ZHONGGUO XINWEN SHE] .....	44
Further on Draft Rules .....	44
Ad Hoc Group Meets .....	45
Interior Ministry on Visits .....	45
Journalists Continue Visit to PRC .....	45
To Cut Short Tour [Hong Kong Asia TV Limited] .....	45
'Political Pressure' [Hong Kong HONGKONG STANDARD 19 Sep] .....	45
Interview Fang Lizhi [Hong Kong HONGKONG STANDARD 19 Sep] .....	46
AFP Reports Meeting [AFP] .....	46
Visit Guangzhou [KYODO] .....	47
See Lack of Equality .....	47
Journalist on Marxism-Leninism in PRC [AFP] .....	48
PRC Official Press Breaks Silence [AFP] .....	48
Direct Trade With PRC Said 'Dangerous' .....	49
Mainland Patrol Boat 'Robs' Fishing Boats .....	49
Pilotless Planes Sales to Iran Denied .....	49

#### HONG KONG & MACAO

##### Hong Kong

Groups Continue Vietnamese Refugee Talks	
[SOUTH CHINA SUNDAY MORNING POST 20 Sep] .....	50
UK To Exclude Hong Kong [SUNDAY STANDARD 20 Sep] .....	51
UK Minister on Direct Elections, Review [SUNDAY STANDARD 20 Sep] .....	51
Asked for Election Assurances [SOUTH CHINA MORNING POST 19 Sep] .....	52
Glenarthur Departs [SOUTH CHINA MORNING POST 21 Sep] .....	53
Ninety Percent Support Direct Elections [SUNDAY STANDARD 20 Sep] .....	54

One-Third of Residents Consider Leaving	[HONGKONG STANDARD 19 Sep]	54
XINHUA 'Political Swap Plan' Viewed	[HONGKONG STANDARD 18 Sep]	55

**Macao**

XINHUA Branch Office Opens 21 Sep	[SOUTH CHINA MORNING POST 21 Sep]	55
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**General**

**PRC Response to US-USSR INF Accord**

**Foreign Ministry On Accord**  
*OW190650 Beijing XINHUA in English 0637 GMT*  
*19 Sep 87*

[Text] Beijing, September 19 (XINHUA)—A spokesman for the Chinese Foreign Ministry said today that China welcomes the U.S.-Soviet agreement in principle on intermediate-range missiles.

The spokesman made this remark while answering a question raised by correspondents here today.

"China's position on the arms reduction talks between the United States and the Soviet Union is known to all.

"We welcome the United States and the Soviet Union reaching an agreement in principle on intermediate-range missiles and hope that the agreement will be truly implemented with the destruction of their longer and shorter intermediate-range missiles deployed in both Europe and Asia," the spokesman said.

**RENMIN RIBAO Commentary**  
*HK210731 Beijing RENMIN RIBAO in Chinese*  
*20 Sep 87 p 6*

[Commentary by RENMIN RIBAO reporter Jing Xianfa (2529 2009 3127): "The U.S.-Soviet Foreign Ministers' Meeting and New Progress in Medium-Range Missile Talks"]

[Text] Through 3 days of intense talks the U.S. and Soviet foreign ministers finally reached a principled agreement on 17 September about dismantling all medium-range missiles. Both sides agreed that when Reagan and Gorbachev hold their summit meeting this autumn in Washington, they will sign a formal agreement.

Both sides agreed to dismantle the following missiles: The 256 cruise and 108 Pershing-2 missiles deployed by the United States in Western Europe; the 441 SS-20, 112 SS-4, and 130 medium- and short-range missiles deployed by the Soviet Union in Europe and Asia. In the talks both sides also agreed to make efforts to reach an agreement on reducing their offensive strategic nuclear weapons by 50 percent, and to begin negotiations by 1 December to stop all underground nuclear tests and prohibit all chemical weapons.

Reaching a principled agreement on dismantling all medium-range missiles belonging to the two countries was the main result of the U.S.-Soviet foreign ministers meeting. After the Iceland summit meeting last October, the United States and the Soviet Union kept arguing about the scope and timing of the dismantling. In late July this year Gorbachev announced that the Soviet Union was willing to give up its requirement to maintain 100 medium-range warheads in Asia. That is, to accept

the "global double zero option." This broke the deadlock in the talks on medium-range missiles. However, the United States insisted that "the bilateral talks should not involve any third country's nuclear weapons," and rejected the Soviet Union's requirement of including West Germany's Pershing-1A missiles in the "double zero option." This again brought the medium-range missile talks to deadlock.

Through intense bargaining both sides made concessions at the foreign ministers meeting. The Soviet side gave up its demand that all West German Pershing-1A nuclear warhead missiles be dismantled within 1 year, and agreed that the United States first dismantles its missiles in West Germany before withdrawing the nuclear warheads. The United States agreed that the nuclear warheads withdrawn from West Germany be included in the category of its existing medium- and short-range missiles and will be dismantled according to the agreement. Thus, the two sides finally removed obstacles to their medium-range missiles talks.

The United States and the Soviet Union made progress in their medium-range missiles talks due to their respective needs. In the United States President Reagan's tenure will soon come to an end. The medium-range missiles agreement will make up for losses to his reputation caused by the "Irangate" incident, and will leave an image of a President who "made valuable contributions to U.S.-Soviet relations." As for Gorbachev's willingness to make concessions in the talks, the analysts here said that his main considerations include domestic economic reforms and a proper posture toward the West.

Even so some important issues, such as the time limits for destruction of medium- and short-range missiles and effective verification measures, have not yet been solved in the talks. The U.S. opinion media strongly reacted to the U.S.-Soviet foreign ministers meeting. It is generally held that the agreement on medium-range missiles between the two nuclear powers represented a "significant and positive step." The U.S. Congress also welcomed President Reagan's action. On the other hand, the hardliners headed by Secretary for Defense Weinberger are worried that after the United States withdraws the medium-range missiles, there will be gaps in the defense of Western Europe. Of course if the United States and the Soviet Union can finally reach a medium-range agreement, this will undoubtedly be a positive step in easing current international tension. However, the medium- and short-range missiles account for a mere 5 percent of the United States and Soviet Union's total nuclear arsenal, so the medium-range missile agreement is merely a minor step toward freeing mankind from the nuclear threat.

**XINHUA Commentary**  
*OW191238 Beijing XINHUA in English 1215 GMT*  
*19 Sep 87*

[“Commentary: U.S.-Soviet INF Tentative Agreement, a Step Deserving Welcome (by Shi Lujia)”—XINHUA headline]

[Text] Washington, September 18 (XINHUA)—U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze ended their three-day meeting today with an agreement in principle on eliminating all intermediate-range missiles of the superpowers. The INF treaty will be signed at a U.S.-Soviet summit meeting later this year, they said.

This is a step forward on the long way of disarmament. The step, though not a great one, deserves welcome.

According to the joint statement of the two foreign ministers, the main blocks to reaching an INF treaty have been removed. It is not too difficult for the negotiators of the two countries in Geneva to solve such technical problems as the timetable of eliminating the missiles and the details of verification measures.

The two foreign ministers are confident that the INF agreement will be finalized late in October when they meet again in Moscow.

Under the tentative agreement, the United States and the Soviet Union will eliminate all medium-range missiles with a range of 1,000-5,000 kilometers and shorter-range missiles with a range of 500-1,000 kilometers during the next 3-5 years.

That is to say that the Soviet Union has to eliminate the 441 SS-20 and the 112 SS-4 missiles in Europe and Asia and the 130 SS-12 and SS-23 missiles in Eastern Europe while the United States has to scrap the 332 Pershing-2 missiles and Tomahawk land-based cruise missiles in Western Europe and stop deploying the planned 240 cruise missiles. This is the first agreement between the two countries that does not limit the growth of missiles but reduces the nuclear weapons.

Moreover, the two foreign minister have also made progress in banning underground nuclear tests, prohibiting chemical weapons and reducing the conventional forces of the two countries in Europe.

The two superpowers have the biggest nuclear and conventional arsenals and, therefore, naturally bear the greatest responsibility for disarmament. However, for many years, they have taken few actions though they negotiated repeatedly on the subject. Meanwhile, they have escalated the arms race, extending it from the ground, the sea and the air into the outer space.

Although the expected INF treaty cannot change essentially the trend of the arms race between the superpowers nor be enough to ensure peace and security in Europe, it is welcomed as one step forward on the way to disarmament by the world. A small reduction is better than no change at all and an eased tension is better than an aggravated one.

However, Shultz and Shevardnadze have not made much progress in reducing the strategic offensive weapons and prohibiting the space weapons, the two main areas of the arms race between the two superpowers and the source of threats to world peace.

The intermediate-range weapons constitute only a small part of the huge U.S.-Soviet nuclear arsenals. The role of these weapons has become less important as the arms race develops. The United States and the Soviet Union can threaten each other and the world with thousands of strategic nuclear weapons they possess and the space weapons they are developing at an accelerated speed.

Obviously, the two countries have redoubled their efforts to strengthen their strategic forces in recent years. At the end of 1986, the United States officially abrogated the second Strategic Arms Limitation Treaty (SALT II) signed in 1979 with the Soviet Union and went beyond the limit of the treaty in the number of strategic weapons. The Soviet Union announced last August that it had started deploying the new SS-24 inter-continental ballistic missiles, each of which can carry 10 warheads. Shultz insisted even today that the United States cannot accept any restraints on the Strategic Defence Initiative (SDI), the so-called "Star Wars" system.

Both Shultz and Shevardnadze stressed today that the tentative INF agreement is just a "beginning." They have promised to continue their efforts to negotiate on the strategic and space weapons. However, this is just what the peace-loving people of the world want them to do.

The U.S.-Soviet contention is the main source of upheavals in the world today. Shultz and Shevardnadze have not gained much in ending regional conflicts either. The world people are expecting them to continue their efforts on this issue and contribute to easing the world tension.

#### CHINA DAILY Commentary

HK211013 Beijing CHINA DAILY in English  
21 Sep 87 p 4

[By CHINA DAILY commentator: "Missile Accord"]

[Text] The United States and the Soviet Union have reached an agreement in principle to scrap all their intermediate nuclear missiles throughout the world. Faithful implementation of this agreement would mean the elimination of a whole category of nuclear arms, which marks real progress in the history of arms reduction talks. It is quite understandable that the news has been widely received with satisfaction as an encouraging development in the fight for world peace and disarmament.

Having dragged on for six years, the medium range missile talks between the two superpowers travelled an arduous and zigzag road. It was only in the last 12 months that both sides displayed flexibility and accommodation as each dropped one demand after another that had thrown up obstacles to an agreement. The result was that they were moving ever closer to each other up to last Friday's tentative accord to conclude an INF (Intermediate Nuclear Forces) treaty at a summit later this year between their leaders. This is an achievement which

should not only be credited to the sagacity of the politicians. Primarily, it is a victory of the people across the world who have consistently championed peace and disarmament by their action.

China stands for peace and disarmament. The Chinese Government has time and again made known its position that a universal agreement on a total ban and finally dismantling of all nuclear arms is the aim of nuclear disarmament and the two superpowers, with the largest nuclear arsenals, should take the lead in reducing such arms. The Chinese people have all along watched with great concern the ups and downs of the arms reduction talks between the two superpowers and hoped for positive results. Now that there is agreement of importance, they certainly welcome it with all their hearts.

However, issues have yet to be resolved before the agreement is finalized. And to put words on paper into acts is often not easy. This will take time and strenuous effort. It is our hope that an honest and expeditious implementation will take place as soon as the agreement is concluded.

Moreover, intermediate nuclear weapons account for only a small portion of the massive nuclear arsenals of the two superpowers. Even if the INF is scrapped in compliance with the agreement, the nuclear threat to humanity is still grave. Both the U.S. Secretary of State George Shultz and Soviet Foreign Minister Eduard Shevardnadze have admitted that it is only "a beginning" if they agree to ban the INF. There are many more nuclear weapons remaining than will be eliminated by this accord.

Strategic offensive nuclear weapons and conventional armaments are among the serious questions calling for great attention and proper settlement. With the INF agreement in hand, there should be an improved climate of mutual confidence between the superpowers even though they both claim that serious differences exist in many areas between them. The fact their representatives have agreed to make similar efforts for a 50 per cent reduction of the strategic nuclear arsenals is a good sign.

The world's people will be waiting and seeing if any substantial progress is made in the next few months benefiting peace and security.

**Wu Xueqian Leaves for UNGA Session**  
*OW190910 Beijing XINHUA in English 0905 GMT*  
19 Sep 87

[Text] Beijing, September 19 (XINHUA)—A Chinese delegation headed by State Councillor and Foreign Minister Wu Xueqian left here today for New York to attend the 42d session of the United Nations General Assembly.

The session, which opened on September 15, will discuss 143 subjects including disarmament, regional conflicts, elimination of colonialism and racism, economic development, crisis and reform of the U.N. budget.

Wu Xueqian will speak at the general debate on September 23, expounding the Chinese Government's position on the current international situation and major world issues.

### Third World Academy Discusses Advancements

**PRC Cited as Example**  
*OW181352 Beijing XINHUA in English 1256 GMT*  
18 Sep 87

[Text] Beijing, September 18 (XINHUA)—The Third World Academy of Sciences, which aims at promoting South-South and South-North scientific cooperation, finished its second general conference in Beijing today.

During the five-day meeting, delegates from about 30 countries in Asia, Africa and South America discussed scientific development in their countries, while Chinese participants presented a series of special reports on "science in China."

After hearing the reports and visiting some institutes, M.G.K. Menon, the academy's vice-president, said delegates from abroad were "very impressed" by China's scientific development.

He also said, since China regards scientific advancement as the cornerstone of the country's development, over the past 30 years China's science and technology have been growing rapidly.

"China's self-reliance has increased the confidence of the south countries in developing science and narrowing the gap with industrialized countries," he added.

"We could see from the case of China, the South catching up with the North is not a dream but a possibility," Menon went on.

Meeting participants realized science is the seed for economic growth and technological progress, and they are deeply aware of science's vital importance to the Third World in the march towards the next century. The scientists agreed international scientific cooperation should be strengthened, poverty erased, and public health in the Third World improved.

Zhou Guangzhao, president of the Chinese Academy of Sciences, said his academy would like to enhance South-South and South-North cooperation, establish ties with enterprises in some of the countries, hold academic meetings in China, make personnel training available and expand some of the academy's institutes into international research and training centers.

Abdus Salam, the academy's president, announced the names of seven newly-elected academy members at today's final meeting, which include biologist L.F. Hartmann from Bolivia, mathematician M.M. Peixoto from Brazil, geologist Sun Honglie and physicist Zhao Zhongxian from China, chemist S.S.M. Hassan from Egypt, biologist E. Tsaga from Ethiopia and biologist M.A. Viswamitra from India.



The academy's next general conference will be held in Colombia, South America, in 1989.

#### Cooperation Discussed

OW181354 Beijing XINHUA in English 1303 GMT  
18 Sep 87

[Text] Beijing, September 18 (XINHUA)—"Third World countries should be more self-reliant in scientific development," scientists from both South and North countries agreed today.

In interviews with scientists and officials attending the second general conference of the Third World Academy of Sciences, which ended today, reporters raised questions about South-South and South-North scientific cooperation.

"The gap in the standard of living between the South and the North is basically a science and technology gap," Abdus Salam, the academy's president, said, adding the North has been spending up to 2.5 percent of its gross national product on science and technology, but the South spends less than 0.2 percent.

Salam also said, "the Third World is slowly realizing a nation's living standard depends on scientific and technological development."

"In analyzing scientific and technological problems in Third World countries," Salam, who is also a Nobel physics laureate, said, "most of the Third World lacks a strong commitment to science and towards becoming self-reliant in technology."

He said he hopes the Third World countries will invest more in science, and also urged one-twentieth of the current global military expenditures be reallocated to help developing countries promote science and scientific education.

Lu Jiaxi, chairman of the conference's organizational committee, said, "the world today is very keenly competitive in science and technology, so the developing world must work hard to keep advancing in these fields."

He also said, South-South cooperation in science and technology needs to have its own unique characteristics, and since the Third World is blessed with plentiful natural resources, these countries need to stand together in the fight against poverty, illiteracy and other problems.

In training young, talented individuals, striving to develop agricultural and industrial production, protecting the environment and maintaining the ecological balance, South countries share the same goals and hope for more cooperation, he went on.

M.G.K. Menon, the academy's vice-president and also former president of the Indian Academy of Sciences, said scientists in developing countries need more personnel and academic exchange, and an integral part of South-South cooperation is their working together in regional or global projects like desert control, irrigation and forestry.

Concerning funding, he added, the United Nations Development Program has accepted funds donated by all countries, but the bulk of capital has to come from the developing countries themselves.

Zhou Guangzhao, president of the Chinese Academy of Sciences, said, the population of the Third World countries accounts for 70 percent of the world's total, while the Third World covers over 80 percent of the world's land surface.

"Affairs in these countries have a tremendous effect on all mankind," Zhou explained, "so there is a bond of responsibility for developed countries to support South-South cooperation."

Zhou also noted, "only with a base of equality and mutual benefit can cooperation, no matter between South-South countries or South-North countries, be guaranteed and carried out on a long-term basis."

John Kendrew, president of the International Council of Scientific Unions, said he agreed with Zhou's view and also said one-way giving or taking was not cooperation.

Kendrew, a British biologist, said the North has already done a lot in providing research fellowships, making training programs available, and supplying funds for the international conference held in South, but he added there is still a lot of work to do.

#### Official Views PRC Subsidence Measures

OW200726 Beijing XINHUA in English 0701 GMT  
20 Sep 87

[Text] Shanghai, September 20 (XINHUA)—China's methods for controlling the sinking of the earth's crust in coastal cities is more effective than in other Asian and Pacific countries.

A senior official from the Economic and Social Commission for the Asia and Pacific region said this in an interview with *Xinhua*. He was here to attend a seminar on the geological structure of coastal cities in the region.

Along with rapid economic development, many countries face the problem of surface subsidence, which happens as a result of the excessive use of underground water.

Chinese scientists have successfully reduced Shanghai's annual rate of earth subsidence from several dozen millimeters a year in the past to several millimeters at present.

In 1921, the city discovered it was "sinking". A total drop of 2.63 meters was recorded in the subsequent decades. In the 1960's the city government announced regulations to limit the amount of underground water tapped and pump water back into the ground.

Shanghai has also built a network of observation wells to monitor the change of the water table. Now some parts of the city are a little "higher" than before.

The seminar was jointly sponsored by the commission and China's Ministry of Geology and Mineral Resources. Representatives from a dozen Asian and Pacific countries attended the meeting, and experts from Canada, Italy, Japan and the United States also participated.

#### World Critics Praise PRC Films

HK190540 Beijing CHINA DAILY in English  
19 Sep 87 p 1

[By staff reporter Wu Caibin]

[Text] The first Chinese Film Exhibition, currently being held in Beijing, has revealed foreign enthusiasm for Chinese films.

"Hibiscus Town," a film that has been a hit with both audiences and critics in China, got warm and loud applause from film experts from abroad when it was shown during the exhibition.

"This is a great film," said the chairman of the Finland International Film Festival, "and I'm sure you'll sell many copies of it."

The film was shown after an evening reception given by the exhibition's organizing committee. Nearly all the guests returned for the screening.

Xie Jin, director of the film, returned the audiences' applause with a grateful and happy smile.

"The film is about the 'Cultural Revolution,' an event that not only influenced China but the whole world," he said. "To every Chinese who lived through that period, the film is a reflection of life."

"The First Woman in Mountain Forest," a production of the Beijing Film Studio, was shown to mark the opening of the exhibition on Monday. At 9:30 AM on Tuesday, the first day of regular film screenings, 200 people from 45 countries walked through the lobby of the China Film Export and Import Corporation towards six cinemas to see the films of their choice.

Cinema 4, where Huang Jianxin's "Dislocation" was scheduled to be shown, was the first to fill.

The film, a follow-up to the director's first film "The Black Cannon Incident," goes even farther with its artistry in the use of highly stylized sets, colour and cinematography.

"I liked the film very much," said Victoria Treole, cultural events officer of the Australian Film Commission. "I liked it even better than 'The Black Cannon Incident.'" She said she thought the film would be well received in Australia and expressed appreciation of its sense of humour.

"The Black Cannon Incident," which shook Chinese film circles in 1986 with its unusual style, is also being shown during the exhibition.

Willmar Andersson, general manager of the Swedish Film Institute, had a similar response to "Dislocation," saying, "This film is very funny, and the story is quite moving although I couldn't understand it completely."

In the afternoon of the same day, Chen Kaige's "The Big Parade" drew the largest audience. h

"That film is really great," said Edith Grant of France. She said she believed the film would be well received in France.

Gregory Peck and Wu Tianming, director of the Xi'an Film Studio, met during the exhibition and the American actor agreed Wu should enter his film "The Old Well" in the Tokyo International Film Festival.

Representatives of Canada and Greece were interested in the short films, especially the animated ones. The Greeks said they were attracted by the idea of coproductions with the Shanghai Animation Film Studio.

Sixty-five feature films, 30 animation and puppet films and 20 documentaries—most with English subtitles—are being shown at the exhibition, which ends tomorrow.

#### Briefs

##### PRC Joins Consumers Union

Madrid September 17 (XINHUA)—The International Organization of Consumers Unions (IOCU) has accepted the China Consumer Association (CCA) as its 156th full member. The decision was announced by IOCU Chairman Rohoda Karparkin Wednesday afternoon at a plenary session of the organization's six-day 12th world congress, which opened here on September 15. Speaking at the session, CCA Secretary General Wang Jiangyun said his association would make effort to defend the consumers' interests and to strengthen cooperation among consumer organizations. CCA, formed on December 26, applied for IOCU membership in August this year. IOCU, a worldwide mass group aiming to defend consumer interests, has members in more than 50 countries and regions. [Text] *Beijing XINHUA in English 0753 GMT 18 Sep 87 OW*

##### United States & Canada

**Embassy Concerned Over Dalai Lama Visit**  
*OW190728 Beijing XINHUA in English 0659 GMT 19 Sep 87*

["Chinese Embassy Expresses Grave Concern Over Dalai Lama's U.S. Visit"—XINHUA headline]

[Text] Washington, September 18 (XINHUA)—The Chinese Embassy here declared today that the Chinese Government can not tolerate any political statements to be made by the Dalai Lama which will be harmful to China's unification and national unity.

Zheng Wanzhen, press counsellor of the Chinese Embassy, told a press conference that the Dalai Lama is not just a religious figure, but an exile engaged in political activities.



The Chinese Government has always opposed the Dalai Lama engaging in activities in other countries in whatever capacity.

The Chinese Embassy expressed "grave concern" over the planned political activities in the United States of the Dalai Lama, an exile from China's Tibet who is scheduled to start a visit to the United States tomorrow.

It is reported that during the Dalai Lama's visit to the United States, he will meet with congressional leaders and noted political figures, deliver a speech to the Subcommittee on Human Rights and International Organizations at the House of Representatives, hold press conferences and engage in a number of other political activities.

The press counsellor said, "we have taken up the matter with the U.S. State Department and asked that our concern be conveyed to the U.S. congressional leaders concerned."

He also said that recently, there have appeared a series of anti-China statements and activities in the United States with regard to the question of Tibet.

Three months ago, he said, two amendments, one on human rights in China and the other on "the violation of human rights in Tibet by the People's Republic of China," adopted by the U.S. House of Representatives, confused right with wrong, contained fabricated stories, and were intended to mislead those who are ignorant of facts.

"They grossly violated China's sovereign rights and territorial integrity, constituted a gross interference in China's internal affairs, and deeply hurt the feelings of the Chinese people," Zheng noted.

Recently, he added, in the U.S. press, there appeared articles which levelled malicious accusations and slanders against China and grossly distorted its policies toward the Tibet Autonomous Region.

"We deeply deplore such reporting," he said.

The Chinese press counsellor provided some facts about Tibet by saying that since 1980, the Chinese Government has invested 500 million Chinese yuan (about 135 million U.S. dollars) in 43 economic, technological and educational projects in Tibet. 14 million yuan (about 3.8 million U.S. dollars) has been provided by the state as subsidies and for housing construction.

He said the region's total output value of animal husbandry topped 400 million yuan (about 108 million U.S. dollars) in 1986, and its grain output reached 450 million kilograms, up 23 percent over that of 1983. The annual income of farmers and herdsmen in the region averaged 343 yuan (about 93 u.s. dollars) last year, up 59 percent over 1983.

According to the press counsellor, local authorities have also redressed 802 religious cases which were handled wrongly during the Cultural Revolution, returned 37,000

pieces of monastery property and houses with a total of 779 rooms. Some 178 monasteries and 743 religious places were repaired with 24 million yuan (about 6.5 million U.S. dollars) earmarked by the state and region.

He said the local government spent 340,000 yuan (about 92,000 u.s. dollars) to rebuild the former residence of the Dalai Lama in Qinghai Province, his birthplace.

He added that in 1985, the Tibetan Ancient Books Publishing House was set up and this year, an advanced Tibetan Buddhism Institute of China was set up in Beijing.

Also, a new lighting system has replaced oil lamps and flashlights in the halls of the 1300-year-old Potala Palace in Lhasa, said Zheng.

He said over the past two years, Tibet has built 70 satellite ground stations, and about 100 television relay stations, by which residents in 80 percent of the regions counties are able to watch programs aired by the central television station in Beijing.

He said Tibet is now open to the outside world. So far it has established trade contacts with more than 20 countries and regions.

**Wan Li Talks With Xerox Corp Delegation**  
*OW191138 Beijing XINHUA in English 1125 GMT*  
*19 Sep 87*

[Text] Beijing, September 19 (XINHUA)—Chinese Vice-Premier Wan Li expressed the hope for more extensive cooperation between Chinese and U.S. businesses at a meeting with a Xerox delegation from the United States here this afternoon.

The delegation, led by David Kearns, chairman of the Xerox Corporation of the United States, attended a ceremony for the signing of a contract on the establishment of a Sino-U.S. joint venture, Xerox Shanghai Ltd, in Shanghai yesterday.

The company is expected to produce 30,000 copiers annually when completed.

Wan called the joint venture a good beginning of the cooperation between Xerox and China.

Kearns said he was delighted to cooperate with China and promised to make greater efforts for technology transfer.

Later the visitors were honored at a dinner hosted by Wang Zhen, honorary president of the China Association for International Friendly Contact.

Present on both occasions was Zou Jiahua, Chinese minister in charge of the State Machine-Building Industry Commission.

**Zhou Pelyuan Attends Printing Conference**  
*OW181326 Beijing XINHUA in English 1237 GMT*  
*18 Sep 87*

[Text] Beijing, September 18 (XINHUA)—Sino-American printing technology exchange meeting opened here

today.

This is the largest exchange of printing techniques between China and the United States.

The meeting was sponsored by the Printing and Printing Equipment Industries Association of China (PPEIAC). The participants include more than 300 people from departments concerned of the country's 21 provinces and municipalities, and members of the U.S. National Printing Equipment and Supply Association (NPES) trade and technical trade mission.

Present at the meeting were Zhou Peiyuan and Fan Muhan, honorary chairman and chairman of the PPEIAC, and Regis J. Delmontagne, president of the NPES.

The 4-day meeting will concentrate on the exchange of printing techniques, products sale and cooperation in equipment manufacturing between China and the United States.

State Councillor Zhang Jingfu met and feted the American delegation this evening at the Great Hall of the People.

**Heilongjiang Hosts Delegation From Alaska**  
*SK210324 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 20 Sep 87*

[Text] A ceremony for the signing of the summary of talks on economic, cultural, and educational cooperation between our province and the U.S. State of Alaska was held at Harbin's Huanyuancun Guesthouse on the morning of 20 September. Governor Hou Jie and Governor Stephen Cowper signed the summary.

The Chinese and U.S. sides agreed to conduct cooperation in the fields of hydropower generators, technology for artificial breeding of salmon, forestry, and forest products. The Chinese side will provide power generating units for power stations to the U.S. side, and the U.S. side will provide the equipment and technology for the artificial breeding of salmon to the Chinese side. An Alaska-Heilongjiang Forestry Economic, Trading and Technological Cooperation Committee will be established by both sides for the purpose of developing timber production and forest management in the State of Alaska.

The Chinese and U.S. sides also reached an agreement on cooperation in the field of educational films.

### Soviet Union

**Chinese, Soviet Foreign Ministers Meet**  
*HK210752 Beijing XINHUA Hong Kong Service in English 0527 GMT 21 Sep 87 (Tentative)*

[Text] United Nations, September 20 (XINHUA)—Chinese Foreign Minister Wu Xueqian and Soviet Foreign Minister Eduard Shevardnadze met here this afternoon for a frank exchange of views on the normalization of relations between the two countries.

During the meeting at the Soviet Mission to the United Nations, the Chinese foreign minister pointed out that the Kampuchea issue is the major obstacle standing in the way of normalizing relations between China and the Soviet Union and the withdrawal of Vietnamese troops from Kampuchea is the key to the solution of this obstacle.

Wu pointed out that the internal affairs of Kampuchea should be determined by the Kampuchean people themselves after Vietnam pulls its troops out of Kampuchea.

He stated that China is for the realization of a genuine and inclusive national reconciliation in Kampuchea under the leadership of Prince Norodom Sihanouk.

"China does not seek self interest in Kampuchea. China upholds justice, safeguard the norms guiding international relations and will never accept the fait accompli in Kampuchea as a result of the Vietnamese invasion," the Chinese foreign minister stressed.

Shevardnadze repeated his country's existing position on the Kampuchea issue.

The two ministers also exchanged views on international issues of common concern.

The Chinese foreign minister arrived here yesterday to attend the 42nd session of the United Nations General Assembly.

### Soviet Puppet Troupe Stages Performance

*SK200701 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 19 Sep 87*

[Text] The Soviet State Central and Model Puppet Troupe, with a cast of 36 persons, staged its first performance at the Liaoyi Theater in Shenyang City on the evening of 19 September.

The Soviet puppet troupe was founded in 1931 by (Sharge, Flajinilourch, Outbolashzuv) who once visited China in 1952. Since its founding, the Soviet puppet troupe has presented 72 puppet dramas, all stories in the dramas were written by the troupe itself. The troupe has toured more than 30 countries and all programs presented by the troupe during its tours have been well received by the people.

The program presented on the evening of 19 September was an unusual concert, that included chorus, instrument solo, [words indistinct], and magic. The

performance, including the humorous acts of puppets, made the audience convulse with laughter.

The performance of the Soviet puppet troupe will conclude on 22 September.

**Mongolian Politburo Alternate Member Dies**  
*OW201732 Beijing XINHUA in English 1543 GMT 20 Sep 87*

[Text] Ulaanbaatar, September 20 (XINHUA)—Alternate Member of the Politburo of the Mongolian People's Revolutionary Party Nyamyn Jagbaral died of liver cancer yesterday after failing to respond to medical treatment, the Mongolian newspaper Unan reported today.

Jagbaral had been vice-chairman of the Presidium of the Great People's Hural (parliament) since June, 1981. He was once vice-chairman of the Council of Ministers and secretary of the Party Central Committee.

#### PRC Complaints on Japanese COCOM Case

**Decisions Hurting Trade**  
*OW181342 Beijing XINHUA Domestic Service in Chinese 1154 GMT 18 Sep 8*

[Text] Beijing, 18 Sep (XINHUA)—A spokesman of our Ministry of Foreign Economic Relations and Trade pointed out here today: In May this year, the Japanese Government decided to punish the Toshiba Machinery Company, prohibiting it from exporting to 14 "communist nations" including the Soviet Union, East European countries, and China beginning in May 1987. The Chinese side cannot understand this measure taken by the Japanese Government.

The spokesman said: This Japanese Government decision is preventing the Toshiba Machinery Company from fulfilling a 2.4-billion-yen civilian machinery contract signed between the company and China. Since the Toshiba incident occurred, the Japanese Government has enforced stricter examination and approval procedures and embargoes for technology and equipment export, preventing the fulfillment of other contracts amounting to approximately \$800 million signed between other Japanese firms and China.

The spokesman said: The Toshiba incident did not involve China, but the measures taken by the Japanese Government have caused tremendous economic losses to our country. While these questions have not yet been solved, the Japanese Government has taken measures to exercise stricter control over other items which have nothing to do with the Toshiba Machinery Company and are not subject to provisions of the so-called COCOM [ba tong 1572 4827] preventing the fulfillment of more contracts signed between Chinese and Japanese enterprises. As a result, China has suffered even greater economic losses, and the normal development of Sino-Japanese economic relations and trade has been adversely affected. Chinese enterprises have strong complaints against this situation.

The spokesman said: We hope that the Japanese Government will consider the overall interest of Sino-Japanese friendship and Japan's international reputation, and properly handle those unfulfilled contracts as soon as possible. This would help prevent aggravation of the situation, and help continue develop bilateral economic relations and trade.

**Affects Trade**  
*HK190548 Beijing CHINA DAILY in English 19 Sep 87 p 2*

["'Solve Toshiba Case'—China"]

[Text] (CD NEWS)—The spokesman for the Ministry of Foreign Economic Relations and Trade yesterday urged the Japanese Government to solve the Toshiba case as soon as possible so as to facilitate the development of the Sino-Japanese trade relations.

The Toshiba case refers to a punitive ruling by the Paris-based Coordinating Committee for Export to Communist Countries (COCOM) triggered by Toshiba Machine's sale of some sensitive technology to the Soviet Union.

This was followed by a punitive ruling by the Japanese Government last May which bans Toshiba Machine from exporting to 14 "communist countries" including the Soviet Union, East European countries and China.

According to the spokesman, the ruling has prevented the implementation of contracts signed between China and Toshiba. The contracts, with a total value of 2.4 billion yen, cover imports of Japanese equipment for civil projects.

After the Toshiba Machine case, the spokesman said, the Japanese Government further tightened its procedures for approving technology and equipment exports and imposed new export restrictions. This has further affected the implementation of contracts signed between China and other Japanese companies involving a total value of about \$800 million.

"Although the Toshiba case does not involve China, the measures taken by the Japanese government have caused great economic losses to China. We cannot understand this," the spokesman said.

He said the measures have also evoked strong repercussions among Chinese enterprises.

**Japanese Diet Adopts Friendship Resolution**  
*OW181933 Beijing XINHUA in English 1618 GMT 18 Sep 87*

[Text] Tokyo, September 18 (XINHUA)—The Japanese House of Councillors adopted a resolution today urging the government to promote friendship between Japan and China.

The resolution said that since the establishment of diplomatic ties, the relations of friendship between Japan and China have had an extensive and steady



development. Japan should develop it further in accordance with the principles of the Japan-China joint statement and the Japan-China treaty of peace and friendship.

The resolution was adopted on the occasion of the 15th anniversary of establishment of diplomatic ties between the two countries.

At the same time, Prime Minister Yasuhiro Nakasone said in a speech that the Japanese Government attaches great importance to the resolution and will make efforts to further promote friendship between Japan and China.

**Japan Envoys Suggest Ways To Improve Ties**  
*OW181424 Tokyo KYODO in English 1414 GMT*  
18 Sep 87

[Text] Beijing, Sept. 18 KYODO—Japanese envoys stationed in China Friday proposed to Foreign Minister Tadashi Kuranari that Japan and China exchange visits of prime ministers in 1988 in commemoration of the 10th anniversary of the conclusion of the Japan-China peace treaty.

Ambassador to Beijing Yosuke Nakae and Japan's consuls general in Shanghai, Shenyang and Guangzhou, as well as in Hong Kong, proposed that 1988 should be a year to reconstruct friendship between the two countries. They called for other commemorative projects such as the holding of a "Japan Week," a conference among sister cities of the two countries and expansion of the number of Chinese students in Japan.

The Japanese envoys made the proposal during their two-day meeting which ended here Friday.

China is expected to elect a new prime minister next spring, while Japan will also have a new premier in November.

The Japanese diplomats also stressed the need to expand bilateral trade, Japanese investment and technological transfer.

They stressed the need to invite the Chinese to learn Japanese economic management technique, to open the Japanese market and to explain the Japanese stance toward China on COCOM trade rules. They also called for the conclusion of an investment protection agreement and an increase in Japan's lower-interest official loans to China.

The envoys said that the Japanese prime minister should refrain in future from visiting the Yasukuni Shrine, dedicated to the war dead and war criminals, to avoid friction between the two countries.

**Wan Li Meets With Japanese Trade Unionists**  
*OW181332 Beijing XINHUA in English 1156 GMT*  
18 Sep 87

[Text] Beijing, September 18 (XINHUA)—Chinese Vice-Premier Wan Li met a delegation from the General Council of Trade Unions of Japan (GCTUJ) led by its secretary general Eikichi Magara here today.

GCTUJ is the biggest trade union organization in Japan.

Wan praised the Japanese people's organizations for their efforts to promote the Sino-Japanese relations.

Eikichi said the Kokaryo case, which involves a Chinese student dormitory in Kyoto, is in violation of the general principles of the Japan-China treaty of peace and friendship.

On this issue, he said, GCTUJ understands and supports the Chinese Government's position.

"We will work hard to have a durable relationship between Japan and China," he told the Chinese vice-premier.

Wan praised GCTUJ for taking this just stand on the Kokaryo case. He expressed the hope that people from all walks of life in China and Japan would join their efforts to work for the healthy growth of Sino-Japanese relations.

Present on the occasion was President Ni Zhifu of the All-China Federation of Trade Unions.

**Li Peng Meets Japanese Industry Delegation**  
*OW191254 Beijing XINHUA in English 1231 GMT*  
19 Sep 87

[Text] Beijing, September 19 (XINHUA)—Chinese Vice-Premier Li Peng met Yotaro Iida, vice-president of the Asian Exchange Association of Japan and president of the Mitsubishi Heavy Industries Ltd., and his party here today.

**Japanese Firm To Develop Bohai Oilfields**  
*OW191120 Beijing XINHUA in English 1103 GMT*  
19 Sep 87

[Text] Beijing, September 19 (XINHUA)—A Japanese oil firm cooperating with China in developing oil resources in the Bohai Sea has recently decided to develop the discovered small oilfields for the sake of the long-term interests of both sides.

The Japan China Oil Development Corp (JCODC) has only discovered some small oilfields in the past seven years in the Sino-Japan co-operation zone in the Bohai Sea, though a total of 550 million U.S. dollars has been spent for the exploration activities.

Kenjiro Taguchi, managing director of the Japanese oil firm, said in a recent interview with *Xinhua* in Tanggu that Japan's economy developed very fast in recent years, but Japan has no oil and has to import from the Middle East, which can not be ensured.

Therefore, he said, "We'll develop the small oilfields despite the present low oil price on the international market and high cost required for offshore oil development. But from a long point of view, they are still in accordance with the interests of both sides."

Kenjiro Taguchi had worked in Japan's International Trade and Industry Ministry for 28 years and is now Beijing-based chief executive of JCODC.

JCODC was established in 1980 in Tokyo for cooperation with China to explore and develop oil and gas resources in the southern and western parts of the Bohai Sea, covering a total area of more than 20,000 sq km.

In the past years, more than 2,700 kilometers of seismic lines were shot, 16 exploration wells were drilled and 18 delineated wells were sunk in addition to 60 development wells.

These led to the discovery of a good number of structures and among the 16 primarily explored structures, 11 reported oil showings. The proved total oil resources is estimated at 112 million tons.

But, the Japanese oilman said because the sea bed there belongs to land phase deposit, which is characterized by fragments and small structures, economically, they are mostly marginal oilfields.

According to the contract, JCODC should have returned to Chinese side the whole area except the part which is to be appraised or developed by June 9, 1987, when the contract expired. But on JCODC's request and through negotiations, the Chinese side has agreed to let JCODC keep 2549.46 sq km on the condition that it drill an exploratory well in the structure selected by both sides.

If the well is not drilled by October 9, 1987, JCODC should return the two virgin structures, bz35 and bz36, and keep the rest till June 9, 1990.

The oilfield now in operation in the cooperative area is the Chengbei oilfield. It was discovered by the Chinese and developed by both sides. The development contract for Chengbei is different from that for exploration and development in the South and West Bohai Sea. The oilfield, consisting of two platforms, which went into operation last October and June this year respectively, is designed to produce 400,000 tons of oil a year.

The bz28-1 oilfield in the co-operation zone, with a designed annual production capacity of 430,000 tons, is expected to start production in 1988.

The bz34-2-2 oilfield, also in the zone, which will have a capacity of 480,000 tons of crude oil, is expected to be completed by 1989. The agreement for the project will soon be signed.

Kenjiro Taguchi said, on the whole, the co-operation has been fruitful. As for the future, he said, JCODC will decide how to develop the small oilfields one by one according to the result of the two oilfields and international oil prices.

**Tianjin To Open Investment Office in Tokyo**  
*OW210726 Beijing XINHUA in English 0713 GMT 21 Sep 87*

[Text] Tianjin (CEI)—The Tianjin Municipal Government will open an office in Tokyo this year.

The office will offer information about investment in Tianjin and introduce potential cooperation partners, and function as a go-between for the governmental departments in both countries, said the deputy-director of the city's commission of foreign economic relations and trade.

The municipal government is considering offering more preferential and flexible treatment for foreign investors.

According to stipulation of the city government, the Chinese side is not allowed to use fees for land and workshops as part of their 50 percent share. To reduce the investment risk for foreign firms, they can first put in investment equivalent to 25 percent share instead of around a 50 percent share and may put in the other 25 percent after the joint-venture shows promising results.

### Southeast Asia & Pacific

**Yunnan Militiamen Kill Vietnamese Intruders**  
*HK190700 Beijing XINHUA Hong Kong Service in Chinese 1355 GMT 15 Sep 87*

[Report: "Three Young Militiamen of Miao Nationality in Yunnan Bravely Killed Intruding Vietnamese Soldiers"]

[Text] Kunming, 15 Sep (XINHUA)—Recently, three young Miao militiamen bravely annihilated the enemy to protect their Yunnan frontier village and, thus, gloriously meritoriously serving the country.

Gu Yongliang, Yang Changrong, and Wang Deren, who are not yet 20 years old, are militiamen of Mabeng township in Malipo County. They live in the Dahuoyan Miao village, which is very close to the Sino-Vietnamese border. One morning not long ago, the three of them were patrolling near their village when they suddenly encountered three armed Vietnamese who had sneaked into Chinese territory. Gu Yongliang immediately positioned himself advantageously and ordered Wang Deren and Yang Changrong to outflank the enemy on both flanks. After a fierce gun battle, two of the enemy soldiers were killed and the third was wounded. They triumphantly returned to their village, carrying with them two submachine guns and other military equipment they had captured.

To commend their heroic deeds, the leading organ of a certain frontier unit in Yunnan awarded Gu Yongliang the Merit Citation Class I and Wang Deren and Yang Changrong the Merit Citation Class II.

**Increase in Trade With ASEAN Countries**  
*HK210516 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 21 Sep 87 p 4*

[Text] China's trade with member countries of the Association of Southeast Asian Nations (ASEAN) grew substantially during the first seven months of this year.

Trade between China and ASEAN countries was more than \$2.12 billion in January-July this year, compared with about \$1.8 billion in the same period last year.



China's exports to ASEAN countries were worth \$1.16 billion during the seven months, \$134 million more than last year. Its imports were valued at \$960 million, an increase of about \$183 million from a year ago.

The biggest increase was recorded in the trade volume between China and Indonesia, which grew by more than \$120 million during the first seven months of this year.

**Tianjin Goods Exhibited in Singapore**  
*OW181033 Beijing XINHUA in English 0659 GMT*  
18 Sep 87

[Text] Singapore, September 18 (XINHUA)—An export commodities fair of Tianjin, a coastal city of China southeast of Beijing, opened at the Mandarin Hotel here this morning.

Several hundred businessmen from Singapore, Malaysia, Thailand and Hong Kong attended the opening ceremony and saw a whole range of export commodities on display.

The items on the exhibition include textiles, native produce, machinery, metals and minerals, arts and crafts, chemicals, cereals, oils and foodstuffs, medicines and health products, light industrial products, and silk and garments.

During the 8-day fair, two fashion shows will take place in the hotel in order to introduce Tianjin's garments to the local audience. Nine models from Tianjin will show off 140 outfits designed by Tianjin fashion designers.

The trade and economic cooperation ties between Tianjin and Singapore have been developed in the current years. There are eight projects jointly invested by Tianjin and Singapore with total funds of 45 million U.S. dollars. The projects include electronic and service sectors. Tianjin exports goods valued at 20 million U.S. dollars to Singapore a year.

### Near East & South Asia

**Iranian Energy Official Confers In PRC**  
*LD191009 Tehran IRNA in English 0617 GMT*  
19 Sep 87

[Text] Beijing, Sept. 19, IRNA—Head of Iran Atomic Energy Organisation Reza Amrollahi here to attend the conference on Third World Science Academies, met vice-president of China's People's Congress and conveyed a message from Majlis Speaker Hojjat Ol-Eslam Akbar Hashemi-Rafsanjani to the Chinese president of the People's Congress.

During the meeting the two sides expressed satisfaction with the expansion of bilateral relations.

Stressing that the Iraqi regime was the aggressor, Amrollahi told the Chinese official that if the aggressor is not punished today, there will be no guarantee to halt the aggression in future.

Amrollahi appreciated China's stance towards the situation in the Persian Gulf and its call for withdrawal of superpowers from this waterway.

Meanwhile, Amrollahi held talks with the Chinese minister of internal trade and stressed expansion of mutual ties as well as following up of the subjects included in Iran-China commission for joint cooperation.

The two sides also stressed that efforts should be made to increase the volume of trade between the two countries.

**Huang Hua Meets Iraqi Friendship Delegation**  
*OW210908 Beijing XINHUA in English 0810 GMT*  
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Huang Hua, vice-chairman of China's National People's Congress Standing Committee, met here today a delegation from the Iraqi Friendship Association with Foreign Countries led by Issa Salman president of the Iraq and China Friendship Association.

**Trade Union Head Meets Indian Delegation**  
*OW201458 Beijing XINHUA in English 1450 GMT*  
20 Sep 87

[Text] Beijing, September 20 (XINHUA)—Ni Zhifu, president of the All China Federation of Trade Unions, met here today with a delegation from the United Trade Union Center (Lenin Sarani) of India led by its Vice-President Shanker Singh.

### Sub-Saharan Africa

**Madagascar Friendship Delegation Visits**

**Li Xiannian Meets Group**  
*OW211046 Beijing XINHUA in English 1036 GMT*  
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—Chinese President Li Xiannian today expressed the wish to further cooperation between China and Madagascar as both countries belong to the Third World.

Li made this remark at a meeting with a delegation from the Madagascar-China Friendship Association led by Justin Rakotonirainy, president of the association and former prime minister of Madagascar, here this morning.

"Only by strengthening South-South cooperation can we expect to promote the North-South dialogue," Li added.

"It is a pity that some countries in the South are not so cooperative toward each other," he said, citing the Iran-Iraq war as an example.

He maintained that the 598 Resolution adopted by the United Nations Security Council for an end to the Iran-Iraq war is a good resolution, adding that the U.N. secretary general has also made great efforts for a cease-fire between the two countries.

Li reiterated China's position of strict neutrality and reconciliation toward the Iran-Iraq war.

Rakotoniaina praised the Madagascar-China relationship, which is based on sincere friendship between peoples of the two countries, as a model for South-South cooperation.

The Chinese president replied that friendly cooperation between China and Madagascar will be furthered.

#### **Delegation in Shandong**

*SK190605 Jinan Shandong Provincial Service  
in Mandarin 2300 GMT 18 Sep 87*

[Text] At the invitation of the Chinese People's Association for Friendship With Foreign Countries, a four-member delegation of the Madagascar-China Friendship Association headed by Desire Rakotoniaina arrived in Shandong Province on 16 September. Rakotoniaina is a former prime minister of Madagascar, member of the political bureau of the Advant-Garde De La Revolution Malgache Central Committee, and president of the Madagascar-China Friendship Association. Vice President of the Chinese People's Association for Friendship With Foreign Countries Zhang Zhijie accompanied the group.

On the morning of 18 September, Jiang Chunyun, deputy secretary of the Shandong Provincial CPC Committee and acting governor of the province, received the members of the Madagascar delegation at the Nanjiao Guesthouse. During the reception, Jiang Chunyun warmly welcomed the delegation.

Amid a friendly atmosphere, the delegation was briefed by Jiang Chunyun on the province's situation concerning both politics and the economy. He stated: Shandong Province is located on a peninsula and has a better economic foundation. At present, the province has basically dealt with the people's difficulties of dressing warmly and eating their fill. We are convinced that the province's economy will achieve better development. Both Madagascar and China are of the Third World and relations between them are very friendly. We are convinced that the visit of the Madagascar delegation will certainly play a role in further developing the friendship between the two countries.

During the reception, President Rakotoniaina indicated that Madagascar is willing to further enhance the friendly exchanges and cooperation between the two countries and with the province and to make positive contributions to developing the undertakings of the Third World.

During its visit in the province, the Madagascar delegation visited plants and rural villages in Qingdao and Jinan cities. On 19 September, the delegation will leave the city of Jinan for Beijing.

**Chen Pixian Meets Zambian Chief Justice**  
*OW181447 Beijing XINHUA in English 1218 GMT  
18 Sep 87*

[Text] Beijing, September 18 (XINHUA)—Chen Pixian, member of the Secretariat of the Chinese Communist Party Central Committee and vice-chairman of China's National People's Congress Standing Committee, met with Annel Silungwe, Zambian chief justice of Supreme Court, and his party here this afternoon.

#### **West Europe**

**British Army Chief of General Staff Visits**  
*OW201230 Beijing XINHUA in English 1219 GMT  
20 Sep 87*

[Text] Beijing, September 20 (XINHUA)—General Nigel Bagnall, chief of the general staff of the British Army, and his party were honored at a banquet given by Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army (PLA), here tonight.

Earlier today, Xu Xin presided over a ceremony welcoming the British visitors, at which they reviewed an honor guard of the army of the PLA.

**PRC-FRG Trade Deficit Drops in First Half**  
*OW210722 Beijing XINHUA in English 0705 GMT  
21 Sep 87*

[Text] Beijing (CEI)—China's exports to Federal Germany in the first half of this year increased by 16 percent over the same period last year while imports decreased by 20 percent, according to data released by an economic committee in the Federal Republic of Germany.

These changes have cut China's trade deficit with Federal Germany from 1.6 billion deutsche marks at this time last year to the present 780 million deutsche marks. At the same time, total trade volume decreased by 9 percent to 3.8 billion deutsche marks.

**Exports to EC Increase in First Half-Year**  
*OW210720 Beijing XINHUA in English 0704 GMT  
21 Sep 87*

[Text] Beijing (CEI)—The European Community (EC) and China are trying to increase bilateral trade and strengthen economic and technical cooperation.

In the first half of this year, China's exports to the EC increased by more than 24 percent over the same period last year.

As a major effort to promote technical cooperation and business relations with China, the EC organized participation by 49 firms from eight EC member states at an international exhibition on telecommunications and office automation, which opened in Beijing recently.

**Ni Zhifu Meets French Trade Union Delegation**  
*OW191802 Beijing XINHUA in English 1441 GMT  
19 Sep 87*

[Text] Beijing, September 19 (XINHUA)—Ni Zhifu, president of the All-China Federation of Trade Unions,

met here this evening a delegation from the energy trade unions of the French General Confederation of Labor led by Francois Duteil, secretary of the confederation.

At the invitation of the host federation the delegation arrived here September 19 for a friendly visit to China.

The delegation is scheduled to also visit Shenyang, Fushun, Wuhan and Yichang.

**Economic Delegation Ends Swiss Visit**  
*OW181113 Beijing XINHUA in English 0728 GMT 18 Sep 87*

[Text] Geneva, September 17 (XINHUA)—The Chinese economic delegation headed by Lu Dong, minister of the State Economic Commission, ended its friendly visit to the Swiss Confederation today.

The Chinese delegation, which arrived in Switzerland last Thursday, made a survey of the Swiss economic system and the country's financial and economic policies, visited some factories, enterprises and commercial companies, and met with personages from Swiss economic circles. The hosts and guests explored ways of economic cooperation, especially that between small and medium-sized enterprises of the two countries.

Federal President Pierre Aubert and Finance Minister Otto Stich met with Minister Lu Dong in a cordial atmosphere Monday. The hosts expressed the desire for enhancing the friendly ties between the two countries, especially their economic cooperation. Such cooperation would benefit both sides, they stressed.

**Tourism Director Departs for Madrid Session**  
*OW191803 Beijing XINHUA in English 1446 GMT 19 Sep 87*

[Text] Beijing, September 19 (XINHUA)—Han Kehua, director-general of Chinas National Tourism Administration, left here tonight for Madrid to attend the 7th session of the General Assembly of the World Tourism Organization scheduled to be held there from September 22 to October 1.

## Briefs

### France Sends Satellite Photos

Beijing, September 19 (XINHUA)—China's State Remote Sensing Center received five satellite photos and related digital tapes of the Dahinggan Mountains as a gift from the French government today. The photos and tapes arrived from a French "Spot" satellite with a ground resolution of 10 to 20 meters that was launched last February to do remote sensing for resources. The satellite collected information on the area before and after last May's forest fire, and experts agree these photos and tapes will be valuable in assessing the aftermath of the fire and planning for the area's reconstruction. China and France have been cooperating in remote sensing

technology over the past few years and Chinese scientists are also doing research on the application of "Spot" satellites. [Text] *Beijing XINHUA in English 1633 GMT 19 Sep 87 OW*

## East Europe

**East European Economic Reforms Reviewed**  
*HK180929 Beijing BAN YUE TAN in Chinese No. 16, 25 Aug 87 pp 53-54*

[Article by Zhang Wenwu (1728 2429 2976), deputy director of the Soviet and East European Research Department of the Chinese Academy of Social Sciences: "Eastern Europe: In the Waves of Economic Reforms"]

[Text] After many years of tortuous development, the reform of the economic system of the socialist countries of Eastern Europe now is entering a new period. Reform, an irresistible historical tide, has already swept across almost all of Eastern Europe.

Yugoslavia, which as early as the beginning of the 1950's started reforms, and Democratic Germany, Hungary, Bulgaria, and Romania, which successively tread the path of reforms in the 1960's, are now further deepening and perfecting the theories and measures of reform on the basis of summing up experiences and lessons. Czechoslovakia and Poland, which once stopped reforms for all kinds of reasons, have in the eighties again stepped forward on the new path of reform. In 1981 Poland put forward the tenet "not implementing the deeper economic reform is not being able to shake off the crisis." Since 1982, Poland has started to implement new reforms and is now entering the second stage of reform. Czechoslovakia stopped its reforms in 1968, but this January it adopted a decision regarding the reform of the economic system and is now drafting the overall plan of the reform on the basis of this decision. Albania, which previously never mentioned reforming the system, has also shown symptoms of reform since last year; for example, it is beginning to experiment with relinquishing powers to change the division of functions between the state and the enterprises. The trial experiment of enlarging independent powers has been carried out in one region and in the agricultural enterprises of several other regions.

People formerly thought that basically three kinds of economic management forms existed in Eastern Europe: the traditional collective powers, the Yugoslavian form of market adjustments with self-government, and the Hungarian form of the mutual integration of the plan and the market. But since the 1980's this division has not been suitable. First, the traditional form of collective power is dying out and, second, the form of the complete market economy has not been accepted. While Yugoslavia stresses market adjustments on the one hand, at the same time it maintains that planned guidance is needed to make the market relationship more advantageous for economic development. The Yugoslavian economy is described as a unique "self-governing market planned



economy" or "self-government commodity economy." Seen from the present situation, the majority of countries believe that the central problem of the reform is to change the traditional management system of the commodity economy and to establish the management system that is advantageous for developing the production of commodities. Revolving around this central problem, each country is starting to solve two kinds of tasks: 1. To make enterprises independent or relatively independent commodity producers, namely, to solve the principal problem of commodity production; 2. to create and perfect the external conditions of commodity production, by means of establishing and perfecting the complete market system, including capital goods, capital, labor, technology, and information, and by means of establishing the system of new prices, taxation, and incomes distribution, in order to create a vast sphere of economic activities and equal and reasonable conditions for maneuver.

Seen from another viewpoint, the general trend of reform is hastening forward daily, and at the same time, each country, according to its own situation, is striving to probe its own path of reform, choose its own key points of reform, and achieve a breakthrough and continuously adjust and perfect the reform plan. Therefore, the paths of reform and the variety of forms are another important characteristic of development in recent years.

In order to make the nationally owned enterprises independent or relatively independent commodity producers, Democratic Germany, under the basic premise of not changing the state ownership of the state-run enterprises and by adjusting the relationship of the state and the enterprises, has enlarged the functional responsibilities of the joint enterprises and their companies and strengthened economic accounting so that the enterprises become relatively independent commodity producers.

Hungary and Bulgaria have made state-run enterprises independent producers of goods by separating the right of ownership and the right of business management and by means of the standard fixed quota system, the contract system, the lease system, etc. Romania has put forward the tentative idea of implementing the shareholding system and strengthening the laborers' sense of responsibility as the owners of the means of production and of the enterprises as the business managers by making some changes in the relationship of the system of ownership. Yugoslavia has implemented labor collective self-government by thoroughly abandoning the state ownership system, in order to solve the principal problem of goods production. The characteristic of this Yugoslavian method is: The state is no longer the owner of the means of production. Instead, the labor collectives now have full rights of owning and using them. The economies of all units, all departments, and all regions are now coordinated by self-governing agreements and social contracts.

At the end of the seventies and the beginning of the eighties, a majority of East European countries experienced grave economic difficulties; the economic growth rate dropped sharply because of changes in the international and domestic economies. Some countries even had negative growth. In recent years most of these countries have started to climb up from the bottom of the gorge of economic difficulties by carrying out reforms and through corresponding policy adjustments. In 1986 the growth rate of the national incomes of each of these countries registered a 5-percent increase. The national economic plan of each country was basically completed or completed exceeding the plan. In many countries the growth rate of labor and production has been faster than the growth rate of the national income. The economic adaptability clearly has been strengthened, the economic structure has tended to become reasonable, and there has been a rather big improvement in the people's standard of living and the supply of goods.

Although the reform of the economic system in the East European countries started at different times, generally speaking all of them are in the process of continuously probing and continuously progressing. Therefore, the meaning of reform definitely cannot be measured only by the already achieved economic results of these recent years. As stated by a Hungarian economist, reform is the deep thinking of the socialist life form. It is an activity to enrich and develop scientific socialism in step with continuously applying new experiences and new materials. It surely will bring about the real development of the superiority of socialism and bring about the historical development of the socialist movement.

**New Hungarian Leader Profiled as Confident**  
*OW191314 Beijing XINHUA in English 1247 GMT*  
19 Sep 87

["(Profile) New Premier Confident of Guiding Hungary Out of Rough Economic Times"—XINHUA headline]

[Text] Budapest, September 18 (XINHUA)—New Hungarian Premier Karoly Grosz is determined to see his country through its current hard economic times.

Grosz told reporters recently that he accepted the premiership at this difficult juncture to fulfill the request of the party Central Committee. He said he did not remember ever failing to fulfill the tasks assigned him in 42 years as a party member.

"Even if I fail, the majority of the people will also know that we are not working for ourselves but for the country and the generations to come," he added, "for me, it is not a sacrifice, but a glory."

Grosz said socialist democracy and national unity are the two pillars of his government's program.

The new premier was elected in June and his most urgent task is to try to revive Hungary's struggling economy.

The country's prosperity has shrunk considerably since the early-1980s with high inflation rates and growing foreign debts. Hungary's net debt to the West has reportedly stood at more than 9 billion U.S. dollars and the government has already ordered two major price hikes on food and other daily necessities this year.

Dressed in a dark blue western-style suit, the medium-height premier looks energetic and much younger than his 57 years. During the current parliamentary session, he seemed composed as the eyes of the delegates and the cameras focused on him.

Formerly a printing worker, Grosz has long been engaged in party and propaganda work. He distinguished himself during the 1970s as first secretary of the party committee of Fejer County and as minister of the party's Propaganda Department. During the early-80s, he was the first secretary of the party committee of Borsod County. He was elected to the Politburo of the party Central Committee in 1985 and also was first secretary of the Budapest city party committee before being elected premier.

Since becoming premier, he has rarely appeared before the masses. But his popularity has increased since he outlined the government's program during a live televised parliamentary session on September 16. People are talking about him, and journalists have begun to think highly of him.

He has struck people with his firmness, confidence and quick thinking. He is good at speaking but not eloquent. He can accurately grasp the core of a problem and expound his ideas reasonably.

During the session's intervals, he was often seen mingling with delegates in the lobbies or the resting hall, talking with them and waving to the correspondents. He answered questions energetically and his humor often threw those around him into bursts of laughter.

Nevertheless, as a premier taking office during difficult times, Grosz never tries to conceal the contradictions in his innermost world. During a speech yesterday, he admitted: "to tell the truth, I also have many confused feelings and I have been in this state of mind in the past two and half months."

And he concedes that the country has not yet formed the unanimity to identify and reach its goals.

**Chen Muhua Meets Hungarian Delegation**  
*OW191250 Beijing XINHUA in English 1232 GMT*  
19 Sep 87

[Text] Beijing, September 19 (XINHUA)—Chinese State Councillor **Chen Muhua** met a delegation of the National Development Office of Hungary led by its director Mrs. Borbala Bager here today.

**Romania Signs Scientific Cooperation Accord**  
*OW200352 Beijing XINHUA in English 0132 GMT*  
20 Sep 87

[Text] Bucharest, September 19 (XINHUA)—The Sino-Romanian Scientific and Technological Cooperation Committee ended its 27th session here today after signing a protocol on cooperative projects.

According to the accord signed today, the number of cooperative projects between the two countries will increase to 80 including those in chemistry, computer, agriculture and light industry.

During the session, Ioan Ursu, first vice chairman of the Romanian National Council for Science and Technology, met with the Chinese delegation to the meeting. They said the two countries will continue to expand scientific and technological cooperation and create better conditions for cooperation between scientists of the two nations.

**Li Yimang Meets, Fetes Yugoslavian Guests**  
*OW191342 Beijing XINHUA in English 1333 GMT*  
19 Sep 87

[Text] Beijing, September 19 (XINHUA)—Li Yimang, Standing Committee member of the Chinese Communist Party Advisory Commission and president of the Association for International Understanding of China, met and feted here this evening Dr Aleksandar Grlickov, member of Yugoslav Federal Conference and his wife.

**PRC Exhibits Electronic Products in Poland**  
*OW181443 Beijing XINHUA in English 1153 GMT*  
18 Sep 87

[Text] Warsaw, September 17 (XINHUA)—A Chinese electronics products exhibition opened here today, the first of its kind China has ever held in Eastern Europe to display the Asian nation's computers, communications equipment and sophisticated toys.

Attending the opening of the show along with more than 200 other visitors, Polish Vice Premier Wladyslaw Gwiazda described as "very bright" the prospect of Polish-Chinese cooperation in the field of electronics.

Such cooperation could speed up economic development of both countries, he said, hoping the exhibition would contribute to that end.

The exhibition apparently demonstrates China's effort to send more China-made electronics products into the international market. Besides East European countries, China is also exporting color television sets and other electronics items to a number of West European nations.

### Latin America & Caribbean

**Chilean National Day Marked at Reception**  
*OW181936 Beijing XINHUA in English 1629 GMT*  
18 Sep 87

[Text] Beijing, September 18 (XINHUA)—Chilean Ambassador to China Patricio Martinez Moena hosted a



reception here today at the embassy to celebrate the Chilean National Day and army anniversary.

Among those present was Chinese Minister of Public Health Chen Minzhang.

**Zhi Gong Dang Group Ends Jamaica Visit**  
*OW200828 Beijing XINHUA in English 0804 GMT  
20 Sep 87*

[Text] Kingston, September 19 (XINHUA)—A three-member delegation of China Zhi Gong Dang headed by the party's Chairman Huang Dingchen left here today for New York after ending an eight-day visit to Jamaica.

Zhi Gong Dang is one of the democratic parties in China. The delegation came here to take part in activities

marking the 100th anniversary of the founding of the Chinese Freemason Society (CFS) in Jamaica at the invitation of the CFS.

On the eve of their departure, a farewell dinner was given in their honor by Chinese Ambassador Wu Jiaxuan. Leaders of the Chinese community here including those of the Jamaica-China Friendship Association (JCFA) and the Chinese cultural development attended the farewell party.

On Thursday, the delegation, accompanied by the president of the JCFA, visited the University of the West Indies, which is a famous university in the Caribbean region, the training center of arts, dances and drama and the college of arts, science and technology.

The delegation also toured one of Jamaica's most beautiful scenic spots, Ocho Rios, in the north of the island.

**Deng's April Speech to Hong Kong Committee**  
*HK200706 Hong Kong TA KUNG PAO in Chinese*  
20 Sep 87 p 3

["Speech by Deng Xiaoping When Meeting the Hong Kong Basic Law Drafting Committee—16 April 1987"]

[Text] Beijing, 19 Sep—I have come here specially to meet you. I have not seen you for nearly 2 years. You have been working hard.

The committee has worked for a period of 20 months. With the concerted efforts, wisdom, and cooperation of all members, the work of the committee has proceeded smoothly. I believe Hong Kong's transition will also be smooth. Whether our "one country, two systems" can be a success should be embodied in the Basic Law of the Hong Kong Special Administrative Region. The Basic Law should be an example for Macao and Taiwan and is, therefore, very important. The law is a new, emerging thing that is unprecedented in world history. With 3 years to go, you should do a good job of the drafting work.

Today I would like to discuss the question of keeping the policy unchanged, that is, the policy for Hong Kong will remain unchanged for 50 years after it is returned to the motherland after 1997. The Basic Law should also be effective for 50 years. I would like to further stress that it will be unnecessary to effect a change after the 50 years. Hong Kong's position will remain unchanged, our policies toward Hong Kong will remain unchanged, our policies towards Macao will remain unchanged, and, after reunification of the motherland in light of the principle of "one country, two systems," our policies towards Taiwan will also remain unchanged for 50 years. Also, our policies of opening up the country to the outside world and the provinces to each other will remain unchanged. By the end of the century, China's per capita GNP will reach \$800 to \$1,000. It seems that we can definitely reach the figure of \$1,000. Of the 100 or so countries, we would then rank 50 or less, but our national strength would be different. Our population at that time will be 1.2 to 1.25 billion, and the GNP will reach \$1,000 billion to \$1,200 billion. Our socialist system is based on public ownership and common prosperity. By that time we will be able to call it a comparatively well-off society. Different from an ordinary well-off society, it will be one in which the living standards of all people are improved. What is more, we can quadruple the figure on this basis and reach the level of \$4,000 per capita after another 50 years. Although we may still rank behind scores of other countries after attaining this goal, China will be a medium-level developed country. With a population of 1.5 billion at that time, the GNP will total \$6,000 billion. This is calculated according to the 1980 exchange rate of U.S. dollars against the Renminbi. With this figure I am certain that China will rank ahead of other countries. As we implement the socialist principle in distribution, our national strength will be enhanced and the people's standard of living will improve.

What conditions are required to attain this goal? First, stability of the political situation. Why did we take prompt measures and sternly deal with the student demonstrations? Because China can no longer suffer from setbacks and turbulence. We must proceed in all cases from the overall situation. The key to China's development lies in a stable political situation. Second, keeping the current policies unchanged. As I mentioned just now, the question of whether a change is required should be viewed from the objective of the next few decades as a whole.

We should maintain stability in the political situation and in policies. Only by keeping the current situation and policies unchanged can we maintain stability. If the policies prove effective after the next 50 years and we can reach the anticipated goal, there will be no reason whatsoever to effect a change. To this end, I said that after reunification of the country in light of the "one country, two systems" formula, our policies toward Hong Kong, Macao, and Taiwan will remain unchanged for 50 years and beyond. Naturally, I may not be alive at that time. But I believe that our successors will understand this truth.

I would like to discuss this issue further. People are glad to see that the Chinese party and government have maintained the policy of opening up. However, they suspect the policy at the merest rustle of leaves in the wind. Following the Hu Yaobang incident, some people thought that the policy had changed. They neglected to consider the fact that China's policies are based on two aspects. When we say that the policy will remain unchanged, the question should be viewed from two aspects rather than one. These people have also neglected another aspect, that is, the upholding of the four cardinal principles, of the socialist system, and of party leadership. They wonder about whether the open policy has changed but not about a change in the socialist system. Does this not mean that our policies have remained unchanged?

It was long ago established and written into our constitution that we uphold the socialist system and the four cardinal principles. Our policies, including the policies towards Hong Kong, Macao, and Taiwan, are formulated on the basis of upholding the four cardinal principles. Without the CPC and without China's socialism, who could have formulated these policies? No individual of any party had the courage or insight. Am I right in saying so? We simply cannot do anything without courage. This courage should have a basis, that is, the socialist system and socialist China under the leadership of the Communist Party. As we have been developing socialism with Chinese characteristics, we have formulated the policy of "one country, two systems," permitting the coexistence of two different social systems. This could not have been achieved without courage. This courage is based on people's support. The people support our socialist system and party leadership. Thus, is it not one-sidedness to neglect the four cardinal principles? To judge whether China's policies have changed or not, we

should see whether changes have been effected in this aspect. To be frank, if there is a change in this aspect, it would be out of the question to maintain Hong Kong's situation for 50 years. To keep Hong Kong's situation unchanged for 50 years and beyond, we must maintain China's socialist system under the leadership of the CPC. In building socialism, we should build socialism with Chinese characteristics. The characteristics include the policy of "one country, two systems" toward Hong Kong, Macao, and Taiwan. This is a new, emerging thing. It has Chinese characteristics because it was developed by China rather than the United States, Japan, Europe, or the Soviet Union. While discussing the question of keeping the policy "unchanged," we should take the policy as a whole into account and keep all aspects unchanged. A change in one aspect may affect the other and the whole. I hope that you will explain this to our friends in Hong Kong. Just think — What would happen in Hong Kong if China changes its socialist system and the building of socialism with Chinese characteristics under the leadership of the CPC? The policy of maintaining Hong Kong's situation for 50 years would fall through. To genuinely maintain Hong Kong's situation for 50 years and beyond, the socialist system in the mainland would have to remain unchanged. We have opposed bourgeois liberalization for the sake of maintaining China's socialist system and keeping the policy as a whole unchanged, including the policy of opening China to the outside world and the provinces to each other. If there is a change in these aspects, there will be no hope for us to achieve a comparatively well-off society by the end of the century and to become a medium-level developed country in the next century. The world's economy and market are now under the control of international monopoly capital. It is no easy job to fight a way out, especially in an underdeveloped country like ours. It will be difficult for us to meet the competition unless we implement the policies of opening up and reform. You know better than I that it is really a tough job. The question of keeping the policy "unchanged" has become the talk of the town. I believe that people will continue to discuss the question until the end of this century and on into the next century. We will use facts to prove that our policy will remain unchanged.

People are now saying that China is restricting its policy of reform and opening up. Indeed, there are some problems with our prices, and we have tightened our investment in capital construction a bit. However, we should view the matter from the overall situation. With every step we take, it is quite natural for us to open wide in one aspect and restrict in the other. In general, our policy of opening up will continue. We have done far from enough. It is no easy job to carry out the policy of reform and opening up, which requires courage and resoluteness. Without reform and opening up, there would be no way out. In addition, there would be no hope of success for the modernization program. Moreover, we should be meticulous in specific affairs and should promptly sum up experience. With every step we

take, we should sum up experience and decide accordingly which aspects should be accelerated, slowed down, and restricted. This is very important because we cannot act rashly. Whenever we take restricted measures in certain areas, some people regard it as a change of policy. This viewpoint is not correct.

The "one country, two systems" formula also has two aspects. On the one hand, a socialist country permits some of its special regions to practice capitalism for several decades or even a century rather than just a relatively short period. On the other hand, we should be definite about the fact that the main body of the state as a whole is socialism. Otherwise, how can we say that there are "two systems?" It would then become "one system." Those influenced by the ideas of bourgeois liberalization hope that mainland China will become capitalistic. They call it "total Westernization." The ideas of some people toward this matter are one-sided. If we do not understand the two aspects, the principle of "one country, two systems" and keeping the policy unchanged for several decades will not work.

The U.S. reporter Wallace once asked me a question: Since the economic development of the mainland lags far behind Taiwan's, how would Taiwan benefit from being reunified to the motherland? I replied that there are two points. First, China's reunification has been the aspiration of all the Chinese people over the past century and half. Since the Opium War, China's unification, which includes Taiwan, has been a common aspiration of the Chinese nation. It has been an aspiration of the whole nation rather than a certain party or faction. Second, as long as Taiwan is not returned to the motherland and is not reunified with the mainland, no one knows when it will be taken away again. In the international arena, many people are trying to make an issue of Taiwan. Once Taiwan is reunified with the mainland, the situation would be stable, even though the system there would remain unchanged. Therefore, when this question is resolved, the people on both sides of the straits will regard it as a great event and a contribution to the unification of our country and nation.

I also want to say something about the drafting of the Basic Law. I said in the past that the Basic Law should not be too detailed. Hong Kong's system should not be too Westernized nor be a Western imitation. Hong Kong is now practicing British and U.S. [as published] systems and has been doing so for a century and a half. If now it wants to completely imitate the West, say by introducing a separation of the three branches of government or the British or U.S. parliamentary or congressional system, and to use all this as a criterion for judging whether there is democracy, I am afraid that this would not be good. Please sit down together and think this problem over. As for democracy, we people in the mainland advocate socialist democracy, which is conceptually different from bourgeois democracy. Western democracy means a separation of the three branches of government, national assemblies, elections, and so on. We have no objections to the national assemblies and elections in the West.



However, we do not do this on the mainland. There is neither a separation of the three branches of government nor a bicameral system here. We have a single congress, that is, the NPC, and this is the system in force. It is the most compatible with China's actual circumstances. If both our policy and direction are correct, this system will produce much good and will contribute to the country's development and prosperity without incurring trouble. Of course, if our policy is incorrect, any system will be useless. Will a general election necessarily be good for Hong Kong? I do not believe so. For example, I also said in the past that Hong Kong affairs would naturally be managed by Hong Kong people in the future. However, can they be elected by a general election? Our opinion is that the people who are to manage Hong Kong affairs should be those Hong Kong people who love both the motherland and Hong Kong. Can a general election guarantee that such people will be selected? A short while ago, Hong Kong Governor David Wilson said that things should be done gradually and systematically. I think that this view is quite realistic. Even if people want a general election, there should first be a gradual transition, and things should be done in a step-by-step manner. I once said to a foreign visitor that by the middle of the next century, there could be a general election in the mainland. Now we have indirect elections at the county level and above. Below, at the grass-roots level, we have direct elections. The reason is simply that our population of 1 billion is not very well educated. Therefore, conditions are not yet ripe for direct elections throughout the country. Actually, some things that can be done in some countries cannot be done in others. We must be realistic and decide on our own systems and management methods on the basis of our special conditions.

There is one more point that I want to clarify: Do not think that since Hong Kong affairs will be managed by Hong Kong people and be entirely free from interference from the central government, everything is therefore okay. This is not permissible, and this idea is unrealistic. The central government will not interfere in the special administrative region's routine affairs nor does it feel a need to. But what if something happens in the special administrative region that threatens to jeopardize the country's fundamental interests? Won't this happen? Will Beijing have to step in then? Will things that jeopardize Hong Kong's fundamental interests not happen in Hong Kong? Can one imagine that Hong Kong would ever be entirely free from disturbances and destructive forces? I think that such self-assurance is unfounded. If the central government gives up all its rights and powers, there would be chaos and Hong Kong's interests would be adversely affected. Thus, the central government's reservation of certain powers could only be beneficial to Hong Kong. We should soberly consider this: Will Hong Kong encounter problems that cannot be solved without Beijing acting on its behalf? In the past, whenever Hong Kong has encountered such problems, it has always had Britain to count on! There will be problems that you cannot solve without the central government acting on your behalf. It is the

central government's policy not to infringe on Hong Kong's interests. It also hopes that things that would adversely affect the country's and Hong Kong's interests will not happen. But what if such things do happen? Therefore, I would like to ask you to consider this: The Basic Law should make provisions for these things, for something could happen. For example, after 1997, there could be people in Hong Kong who criticize the CPC and China. We would let them criticize. But if they were to try to turn their words into action and Hong Kong into an antimainland base under the cover of "democracy," we would step in. Hong Kong's administrative organs should step in first. There might not be any need for the mainland garrison force to take action. Only when there is unrest or great upheavals would it take action. Somebody would have to step in!

Generally speaking, "one country, two systems" is a new thing, and there are unforeseeable circumstances. The Basic Law is an important document. It should be seriously formulated, on the basis of actual circumstances. I hope that it will be a very good law and will truly embody the idea of the "one country, two systems" and make it work.

**LIAOWANG To Preview 13th CPC Congress**  
HK. 1504 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 1315 GMT 21 Sep 87

[Text] Beijing, 21 Sep (ZHONGGUO XINWEN SHE)—Issue No 38 of *Liaowang* (Overseas Edition) published today says: The 13th Congress of the CPC is scheduled to be held in Beijing on 25 October. Before the congress, the 7th Plenary Session of the 12th CPC Central Committee will be convened to discuss relevant important matters, including the discussion and approval of the report presented by the 12th Central Committee to the 13th congress. The preparatory work for the entire congress is being speeded up, and the draft of the report will be amended again in accordance with opinions raised by various quarters.

*Liaowang* reveals that the drafting work on the report is being personally presided over by Acting General Secretary Zhao Ziyang. At the 13th congress, Zhao Ziyang will make a report on behalf of the Central Committee.

The 13th Congress of the CPC will elect a new CPC Central Committee. The plenary session of the Central Committee will elect the Political Bureau of the CPC Central Committee, the CPC Central Committee Political Bureau Standing Committee, the Central Secretariat, and the general secretary of the Central Committee. Members of the Military Commission of the CPC Central Committee will also be decided by the Central Committee.

From the remarks of leaders of the CPC Central Committee, one learns that leaders of the CPC and the state will gradually become younger to maintain political vitality and ensure the continuity and stability of the policies. As estimated by Deng Xiaoping, it will take 10 years to truly make the leadership strata younger. The 13th congress will make the first step.

The CPC leaders claim that the 13th party congress is "a congress of reform and opening up to the outside world" and that the keynote is to further carry out the reform and open up to the outside world. Since the 3d Plenary Session of the 11th CPC Central Committee decided to effect the policy of reform and opening up to the outside world in December 1978, the CPC has made some progress and changes which are obvious to all. The 13th party congress will sum up the achievements and experiences in effecting the reform and opening up to the outside world over the 8 years and make new arrangements for further implementing the policy of reform and opening up to the outside world in the future. Being an overall reform, the Chinese reform proceeded from reforming the economic structures and greatly promoted the development of the Chinese economy. Therefore, the issue is how to deepen the reform in this aspect in the future. As for political structural reform, although experiments have been made in some aspects, it is basically at a stage of deliberation and preparation. Zhao Ziyang will present a tentative plan on political structural reform to the 13th party congress. Thus, after being discussed and decided by the congress, the long-awaited Chinese political structural reform will be officially staged.

The reason why it takes so long to stage Chinese political reform is that this reform is very complicated and sensitive and involves many aspects and affects thousands upon thousands of households. As the risks for political structural reform are greater than those of the economic structural reform, people should, on the one hand, dare to explore and not fear taking risks; on the other hand, they should also be prudent. This meticulous and prudent attitude is based on the consideration of the responsibility to the people and the state. It is imperative to carry it out in an orderly manner under the condition of maintaining stability and unity and advance steadily, so as to gain practical results but not an undeserved reputation.

Recently, in talking about the reform of the political structure, Zhao Ziyang said that the reform of the political structure will center mainly on the building of democracy and the legal system and on the regularization of our country's political life. The contents of the reform of the political structure consist of a variety of aspects, such as, separating the functions of the party from those of the government, delegating powers, streamlining party and state organs, carrying out the building of democracy and the legal system, and perfecting the personnel system. The separation of the functions of the party from those of the government will be given top priority and will be the key link in the political structural reform. Because the CPC is the ruling party, it occupies the governing position in state life. In a sense, the CPC leadership should be embodied in the formulation of major state policies, in the exemplary vanguard role of the party organizations and party members, and in the CPC leading and uniting the people of the whole country to make joint contributions to the cause of socialist construction. Therefore, the CPC leadership

should mainly be embodied in its ideological and political leadership and should not be interpreted as leadership over the management of the specific affairs in state life and social life. However, the situation of the functions of the party not being separated from those of the government and the party acting in the place of the government has existed in China for a long time. This situation has seriously hindered the state organs and various social organizations from functioning and playing their roles, has seriously dampened the enthusiasm and initiative of the state organs and various social organizations, and has caused many negative consequences. It can be said that the problem of the functions of the party not being separated from those of the government and the party acting in the place of the government is the most serious of all the problems in China's political structure. Only by solving this most serious problem first will other problems in China's political structure be completely solved. Therefore, if we can separate the functions of the party from those of the government, we will be able to grasp the key link in the reform of the political structure and achieve decisive successes of the reform of the political structure. So, the important significance of separating the functions of the party from those of the government should not be underestimated in the reform of the political structure.

#### Industrial Policy on Agenda

HK190607 Hong Kong MING PAO in Chinese  
19 Sep 87 p 13

[Special dispatch by Lo Ping (5012 1627): "Economist Ma Hong Reveals That Institution of a New Industrial Policy Is a Topic of the 13th Party Congress"]

[Text] Beijing, 18 Sep—Ma Hong, Director General of the Economic, Technological and Social Development Research Center under the State Council, recently revealed in a speech that Prime Minister Zhao Ziyang has put forward new views on China's industrial policy.

Ma Hong said: In view of the fact that in the past China only attached importance to the speed of the growth of output value at the expense of labor productivity in its economic development, Zhao Ziyang put forward the following viewpoints: 1) The key determining China's macroscopic economic results is the rational disposition of resources, and the rational organizational structure of the enterprises. 2) The problem cannot be solved by simply relying on market mechanisms and free competition. We should rely on state intervention, industrial policy, and the organizational structure of the enterprises. 3) We should make use of economic means, and a series of regulating means, including tax, credit, price, and so on. Only thus can intervention by state policy achieve its desired results. 4) After the implementation of the relevant policies, we should integrate well development and reform, planning and market, and macroscopic and microscopic results. Only thus will the planning work for reform have a correct orientation.

Ma Hong explained: It is precisely the industrial policy which reflects the integration between development and



reform on the one hand, and planning and market mechanism on the other. In the past, our emphasis was placed on the study of the strategy for economic development. We failed to carry out sufficient study on industrial policy. He stressed: We should now combine the study of the strategy for economic development with the study of industrial policy.

This economist pointed out: 1) We should integrate the general demand of the state with regional peculiarities. The design for the regional industrial structure and policy should be subordinated to the general demand and overall interests. 2) We should develop our strong points and avoid our weaknesses. We should also give play to local peculiarities and advantages. 3) The localities should have their own specific industrial policy suitable for local conditions. The pattern of the industrial structure and policy should be in line with the policy of opening up to the outside world. We should not only open up to the outside world, but also open our door wide at home. The previous practice adopted by localities which stressed completeness and uniqueness should be abandoned. In the meantime, the localities should handle well the relations between different departments in light of local conditions. In particular, they should pay attention to developing agriculture, and handling well the relations between capital construction and technical reform.

Ma Hong was a former director of China's Economics Institute, and later became president of the Chinese Academy of Social Sciences. He was relieved of the office at the end of 1985, and took up his present post. The research center to which he now belongs is actually a brain trust of the State Council for macroscopic economic reform.

People in economic circles here believe that the issues mentioned by Ma Hong will be part of an important topic for discussion on the steps and theories of economic reform at the 13th Party Congress in October. The aim of implementing the present economic reform measures of lateral economic ties, the contract system in enterprises, the leasing system, and so on is to solve the problems concerning the inner structure of enterprises so that their decision-making power for operation can be expanded and their competitiveness enhanced. In this way, the development of enterprises will be put on the track of commodity economy.

**Computer System To Be Used**  
OW201234 Beijing XINHUA in English 1202 GMT  
20 Sep 87

[Text] Beijing, September 20 (XINHUA)—The Chinese Academy of Sciences will provide a computer system for the 13th National Congress of the Chinese Communist Party to open in October.

According to today's *People's Daily*, it will process information of all procedures of the congress including the checking in of the deputies, elections and votings.

The results will be printed out and displayed on video screens immediately after each election, the paper said.

**100 Xinjiang Uighurs Demonstrate in Guangzhou**  
HK181510 Hong Kong ZHONGGUO TONGXUN SHE  
in Chinese 1251 GMT 18 Sep 87

[Report: "About 100 People of Xinjiang Uighur Nationality Make a Petition Before Guangzhou City Government Office"]

[Text] Hong Kong, 18 Sep (ZHONGGUO TONGXUN SHE)—According to a Guangzhou report, about 100 people of Xinjiang Uighur nationality gathered before the Guangzhou City Government Office this morning to demand an answer to the problem revolving around an incident in which some of them were beaten up by Guangzhou public security personnel yesterday. They dispersed only after mediation efforts from many quarters.

When this reporter questioned a Uighur about what had happened, he said: At noon yesterday, four of them were carrying 14 gunnysacks of nylon cloth to be transported back to Xinjiang for trading purposes. As they passed through the neighborhood of the Central Hospital of Guangzhou City in Sanyuanli, they were stopped by a police car of the Baiyun District Public Security Bureau. The public security personnel took away the nylon cloth and beat and injured two of them.

According to a responsible person by the surname of Chen of the Baiyun District Public Security Bureau, Baiyun District Public Security Bureau personnel in a police car discovered, at around noon yesterday near Sanyuanli, a small truck carrying 14 gunnysacks of nylon cloth and four people of Xinjiang nationality. When the public security personnel wanted to take them to the branch bureau for questioning, a conflict occurred. One of the four people took out a crescent-shaped Xinjiang knife. He was subdued and disarmed by two public security personnel. Another one of the four snatched the key to the truck and managed to start the vehicle and escape.

[Today] the armed policemen on guard outside the Guangzhou City Government Office were put on alert. They dispersed curious onlookers in order to keep traffic moving. At a little past 1100, a platoon of armed policemen went to the scene in a police car. There was no violence or conflict.

A responsible person of the Guangzhou City Public Security Bureau held the view that instead of handling the petition in this way, a representative should have been sent to seek a solution through a proper channel. The gathering of the crowd in front of the office of the city government seriously hindered the normal business operations of the city government and was in violation of a public security rule. He said that this matter should be solved in a peaceful way and as quickly as possible.

At 1155, a man with the surname of Wang, head of a Xinjiang office based in Guangzhou, rushed to the scene after hearing the news. He prevailed upon this group of

people to disperse. He also sent a representative to conduct negotiations. Beginning at noon, these people of Xinjiang nationality began to leave gradually. Later, the armed policemen also left the scene.

As this reporter was finishing this report, the responsible persons of the Guangzhou City Government, the Guangzhou City Public Security Bureau, and the Xinjiang Office based in Guangzhou City were negotiating a solution to the matter.

**Criteria for Initial Stage of Socialism Viewed**  
*HK210815 Beijing GUANGMING RIBAO in Chinese*  
7 Sep 87 p 3

[Article by Xue Hanwei (5641 3352 0251): "Criteria for Determining the Initial Stage of Socialism in Our Country"—passages in boldface as published]

[Text] While studying the initial stage of socialism in our country, the first questions that we will encounter are: Where is its starting point, and where is its terminal point? We cannot but discuss the criteria for determining it.

**Starting from the concept of the initial stage of socialism**

People have different understandings of the criteria for the initial stage of socialism. This is very often due to their different views of this concept. Therefore, to inquire into the criteria for determining the initial stage of socialism, we should start by analyzing the concept.

The issue of the initial stage of socialism raised by our party is a basic theoretical problem and concept for building socialism with Chinese characteristics. The fact that our country is still in the initial stage of socialism is a theoretical summation of our country's basic national conditions. To master this concept, we should, of course, pay attention to the common ground of the development of socialist societies in various countries. In particular, we should pay attention to the peculiarities of the development of socialist society in China, a country which is underdeveloped economically and culturally.

We think that the initial stage of socialism does not refer to the first stage of socialist society in every country. It refers to a special stage in the development of a socialist society in an underdeveloped country like China. Such a special stage of socialism is not necessary for developed countries. Their first stage of socialist society is very different from the initial stage of socialism that we are discussing. This is our point of departure for analyzing the criteria for determining the initial stage of socialism.

**The criteria for the starting point**

When the victory of the socialist revolution was won in various countries, their economic, cultural, and political conditions differed greatly. Therefore, the starting points of socialist societies in various countries are also considerably different. This means that the criteria for determining the starting point of socialist societies in various countries is not entirely the same.

In 1936, Stalin announced that there were three criteria for testing the basic completion of socialism: industrialization of the state, collectivization of agriculture, and elimination of exploitation. Such criteria for determining the establishment of a socialist system were acceptable. However, his announcement of the basic completion of the socialist system, "which is also called by Marxists the first stage of communism, or lower stage of socialism" was incorrect. Compared with the first stage of communism discussed by Marx, the criteria mentioned above for testing the completion of socialism were incomplete.

In 1956, our country announced the criteria for testing the establishment of a socialist system: the basic completion of the socialist reform of the means of production and the elimination of exploitation. However, since the basic completion of socialist industrialization was not included, the criteria were not complete either. We had already realized this by that time. Therefore, our party differentiates the "establishment" of the socialist system from its "completion." Here we should point out that compared with the first stage of communism mentioned by Marx, these criteria were low-level and incomplete. However, ours is a backward country that emerged from the womb of a semicolonial and semifeudal society. The formation and development of a socialist society should involve the undergoing of a long process that takes it from a lower level to a higher level, and from incompleteness to completeness. It is precisely this point that has determined that the initial stage of socialism is a stage of development that the socialist society of our country should go through. The criteria mentioned above for testing the establishment of a socialist system are only criteria for determining the starting point of the initial stage of socialism. We failed to understand this for a fairly long period of time in the past.

**Criteria for terminal point**

Since the 3d Plenary Session of the 11th CPC Central Committee, our party has a deeper understanding of the law governing the development of socialist society in China and has decided that the general task at the present stage is to build a modernized socialist country with a high degree of civilization and democracy. For us, the completion of this general task is the terminal point of the initial stage of socialism in our country.

1. The concept of the initial stage of socialism is used to reflect China's basic national conditions. It has demanded that we proceed from the practical reality in China, and pursue a guiding principle of reform and invigoration. Therefore, we should regard the initial stage of socialism as a special stage of development that an economically and culturally backward country like China should go through. The completion of the task of building China into a socialist modernized country with a high degree of civilization and democracy should be regarded as a terminal point. We do not favor the idea of "fully establishing the material and technical foundation" of socialism as a terminal point. This is because



such a terminal point would mislead people into regarding the initial stage of socialism as the first stage of socialism that all countries must go through. It would also turn the initial stage of socialism into an abstract concept that fails to fully reflect China's national conditions.

2. The terminal point of the initial stage of socialism is the direct aim of struggle at the present stage. It should be clear and definite. The general task mentioned above is such an aim of struggle. It is a clear and definite conclusion derived from the practical reality in China and the process of development. It scientifically spells out the stage of development that our country should undergo. It helps us to avoid committing again the mistake of advancing beyond the concept of class too prematurely and to avoid delaying the completion of our task when conditions are ripe. If we took "fully establishing a material and technical foundation" as a terminal point, we would fail to point out the direct aim of struggle at the present stage. We would also fail to present a clear and definite aim of struggle. This is because at present, it is impossible to make an accurate analysis of such a material and technical foundation.

3. The general task mentioned above includes the criteria for the three most important aspects of the society—the economy, politics, and culture. These are complete criteria. Socialist society is an organic entirety. Various aspects are interrelated with and dependent upon each other. Historical experiences have shown that to promote socialist construction smoothly, we should coordinate various fields so that they will advance in a unified way. Therefore, we should not regard a certain criterion in a particular field as a criterion for the terminal point of the initial stage of socialism. However, among the various other factors of life and society, productive forces are a decisive factor. In the final analysis, the development of various other factors in life and society is determined by the development of productive forces. Therefore, economic modernization is a basic criterion for the terminal point of the initial stage of socialism. It is particularly important to understand this in view of the fact that for a long period of time in the past we sought "that which is greater in size and has a higher degree of public ownership," without taking into account the level of our productive forces. However, we should remember that it is not the only criterion.

#### Frame of reference and internal yardstick

Economic modernization is an international criterion that is suitable for all countries, including capitalist countries. Moreover, modernization itself is developing continuously. If we take it as a basic criterion for the terminal point, does this not mean an internal yardstick that is disconnected with the criteria for determining the stages of socialist society? This is a complicated issue that needs further discussion and exploration. Our initial view is: This criterion, which is put forward with reference to the level of developed capitalist countries, can be regarded as an internal yardstick determining the stages of socialist society. 1) Socialist socialized production is

an objective demand of development. However, the technical basis for socialized production at different stages is different. During the period when the capitalist mode of production had just been established, the steam engine was such a technical basis. After we entered the 20th century, Lenin pointed out that the electrification of the entire country was the basis for the new technical level. He also put forward the formula that communism meant Soviet state power plus electrification of the entire country. In the contemporary era, electrification is no longer enough. It should be replaced by the concept of modernization. Modernization should be regarded as a basic criterion for the terminal point of the initial stage of socialism. 2) The stages of social development exist on the basis of comparison. Socialist society is a system that is more advanced than the capitalist system. However, due to various historical reasons, the production and level of production of our country are still lower than the international level. Modernization is a task aimed at catching up with the level of the rest of the world, which is also an historical task of the initial stage of socialism. It is only after this stage that our country can enter the stage of social development that is more advanced than capitalism in various aspects. 3) The modernization that we have mentioned also means socialist modernization. We should not do things in an oversimplified way by taking the targets attained by developed capitalist countries as our criterion for determining stages. On the contrary, we should still adopt a method advocated by Marx: "Criticizing the old world, and discovering a new world." In accordance with the internal demands of socialist society, we may put forward yardsticks for various fields with reference to the level attained by developed capitalist countries. Therefore, such a yardstick put forward with reference to developed capitalist countries is an internal yardstick for determining the stages of socialist society.

However, we do not favor the method of taking horizontal comparative criteria for testing the different levels of economic development of various countries in the contemporary era as criteria for determining the stages of vertical development for the entire socialist society. We do not favor either the method of taking the level of productive forces of the middle-level developed countries and the most developed countries as yardsticks for determining the initial stage, intermediate stage, and most advanced stage of the society. At present, there is still no good ground for us to say that after the victory of socialist revolution in the developed countries in the contemporary era, they will directly enter communist society, characterized by, from each according to his ability, to each according to his needs, without going through any of the other stages of development. It is still impossible to predict the stages that socialism will go through before reaching communism.

**Xi Zhongxun, Li Peng at Huang Yaomian Funeral**  
*OW190548 Beijing XINHUA Domestic Service*  
*in Chinese 1316 GMT 18 Sep 87*

[Excerpts] Beijing, 18 Sep (XINHUA)—Comrade Huang Yaomian, famous literary theorist and writer, died at the

age of 84 in Beijing on 3 September. Today, Xi Zhongxun, Li Peng, Chu Tunan, Fei Xiaotong, Qian Weichang, and more than 300 good friends of Comrade Huang Yaomian during his lifetime paid their last respects to his remains. [passage omitted]

Deng Yingchao, Yang Jingren, Zhao Puchu, Ye Shengtao, Ba Jin, Wang Feng, Zhou Yang, and others sent wreaths on the occasion of Comrade Huang Yaomian's death.

Among those attending the farewell ceremony for the remains of Comrade Huang Yaomian were some of the Standing Committee members and members of the CPPCC National Committee in Beijing, its secretary general and deputy secretaries general, and the responsible persons of the State Education Commission, the United Front Work Department under the CPC Central Committee, the Central Committee of the China Democratic League, the China Federation of Literary and Art Circles, the Chinese Writers' Association, and the United Front Work Department under the Beijing municipal party committee.

**Ni Zhifu Visits Arc Welding Contestants**  
*OW190610 Beijing XINHUA Domestic Service in Chinese 0910 GMT 18 Sep 8*

[By correspondent Xu Xiaoyan]

[Text] Beijing, 18 Sep (XINHUA)—TODAY Ni Zhifu, president of the All-China federation of Trade Unions, visited the contestants in the national trial for selecting technicians of manual electric arc welding at the Beijing Boiler Plant.

This selective trial, jointly sponsored by the All-China Federation of Trade Unions and the Ministry of Labor and Personnel, began in Beijing on 16 September. The 113 competent welders, selected and recommended by 28 provinces, municipalities, and autonomous regions across the country, were engaged in an exciting and keen competition. Comrade Ni Zhifu watched their on-site operations and encouraged the contestants to achieve good results. He said: Turning scientific and technological achievements into productive forces requires a large number of workers and technicians with practical experience. Holding on-the-job training and technical trial is one way of raising the technical level of the staff members and workers, and of training qualified personnel. Trade unions must attach importance to the training of technicians and advocate the concept of "every profession produces its own leading authority." From now on, such activity will be extensively practiced at all localities, especially among the grassroots units.

**Chen Muhua Says Reduce Money Supply**  
*OW181131 Beijing XINHUA in English 0750 GMT 18 Sep 87*

[Text] Beijing, September 18 (XINHUA)—China needs to reduce the amount of currency in circulation right now if it wants to achieve a healthy economic development next year.

Chen Muhua, president of the People's Bank of China, said this at a recent national conference on financial system restructuring held in Dalian, the *Financial Times* reported today.

According to Chen, the rate of growth for the supply of currency has exceeded that of economic growth for several years in a row, resulting in banks' inability to supply enough funds to projects that need to be undertaken urgently.

The authorities have failed to reduce the demand for currency now growing at too fast a speed, and this has directly pushed prices up.

She called for limiting the amount of currency in circulation in such a way as to meet the requirement for a normal development of China's national economy next year.

**Chen Muhua at Finance Institute Opening**  
*OW201740 Beijing XINHUA in English 1612 GMT 20 Sep 87*

[Text] Beijing, September 20 (XINHUA)—China's first school of higher learning to train bankers and bank officials opened here today.

Chen Muhua, governor of the People's Bank of China, attended a ceremony inaugurating the China Institute of Finance.

She is honorary chairwoman of the school's board of directors, which consists of representatives from nine organizations including China's state banks.

**Qin Jiwei, Others at Musical Performance**  
*OW182308 Beijing XINHUA Domestic Service in Chinese 1432 GMT 18 Sep 87*

[By reporter Li Xiuqing]

[Excerpts] Beijing, 18 Sep (XINHUA)—Dedicated to the 40th anniversary of the mighty Liu-deng army, pressing forward into the Dabie Shan, a medley of songs, under the general title "Songs of the General, Soldiers, and People—Marching 1,000 Li To Enter the Dabie Shan" was performed at the China Theater this evening. [passage omitted]

Attended the performance were Qin Jiwei, Song Renqiong, Wang Ping, Li Desheng, Huang Zhen, Peng Chong, and veteran fighters who took part in the march to the Dabie Shan.

**Advisory Commission Member Discusses Textiles**  
*OW210839 Beijing XINHUA Domestic Service in Chinese 1138 GMT 20 Sep 87*

[Text] Beijing, 20 Sep (XINHUA)—Speaking at a representatives meeting of the nation's textile designers today, Hao Jianxiu, member of the CPC's Central Advisory



Commission, pointed out: To implement a new strategy for development and revitalize itself by means of quality products, China's textile industry must urgently upgrade its creativity and design work.

Hao Jianxiu said that, to a large extent, clothing reflects the material and spiritual civilization level of a nation or a people. Since the founding of the Republic, particularly since the 3d Plenary Session of the 11th CPC Central Committee, a vast number of textile designers have achieved great results in beautifying the people's lives, bringing prosperity to the cities and the countryside, and earning foreign exchange from exports. The party, government, and the people of the entire country appreciate their efforts and contributions.

Hao Jianxiu said that the strategic goal of revitalizing the textile industry in an all-round way by means of expanding textile exports to earn foreign exchange is an entirely correct one. However, for a big country like ours with a population of 1 billion people, the domestic market is still a very important base for development. A clear understanding of this point is very important for textile designers. They must regard beautifying the people's lives and raising the standard of clothing for the Chinese people as their primary tasks. On the one hand, textile designers must closely watch the development on the international market and keep abreast of consumer trends, while on the other hand, they must also pay attention to the domestic consumers' increasing demand for more variety and higher quality in textiles as well as to their increasing appetite for ready-made and fashionable apparel.

Hao Jianxiu said: To open up new vistas in producing new textiles, we must build up a sizeable contingent of master designers who rank among the world's best. With such a contingent, our textile industry is bound to become more prosperous.

**Zhang Jingfu Discusses Rural Mining Industry**  
*OW200756 Beijing XINHUA in English 0744 GMT 20 Sep 87*

[Text] Beijing, September 20 (XINHUA)—China will reinforce the administration of the peasant mining enterprises while continuing to help them, State Councillor Zhang Jingfu said in a national meeting here today.

Five million peasants work 120,000 small mines now. They produce one-third of the total mineral ores of the country. The output volume of such rural mines hit 12 billion yuan (about 3.2 billion U.S. dollars) last year.

He said the rapid growth of China's rural mining industry created many jobs for the countryside and made many poor areas prosper.

While reaffirming the government's policy of helping peasants run small mines, State Councillor Zhang urged a halt to peasants' disorderly mining of mineral resources, which resulted in serious waste.

He said: "Rural mining enterprises must be managed in accordance with law and efficiency. Individuals must not be allowed to intrude into the state-owned mines to grab for mineral resources and disrupt normal production."

There were often reports of such occurrence in recent years. Smuggling of precious metals was also rampant.

The state should work out plans to guide peasants into running mines jointly and on a larger scale, he said.

He added: "The state should delimit mining areas for the state, the collective and the individuals in accordance with law. Strict restrictions should be imposed on individuals mining such precious metals as gold and gems."

**Cui Naifu at Forum on Urban Welfare**  
*HK171148 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 16 Sep 87*

[Text] A national forum on urban community welfare service opened in Wuhan this morning. Responsible persons from the civil administration and welfare departments of governments from the country's 29 provinces, municipalities, and autonomous regions attended the forum. Minister of Civil Affairs Cui Naifu, Vice Minister of Civil Affairs Zhang Dejiang, member of the Standing Committee of the Hubei Provincial CPC Committee Tian Qiyu, Vice Governor Wang Libin, and Wuhan Mayor Zhao Baojiang attended the opening session.

At the forum, the participants will sum up and exchange experiences in conducting community service work, explore the road of building a community service system with Chinese characteristics, and promote the country's urban social welfare work to a new level.

**Zhu Xun Explains Growth of Rural Mining**  
*OW180023 Beijing XINHUA in English 1340 GMT 17 Sep 87*

[Text] Beijing, September 17 (XINHUA)—At least 120,000 mines are now run by farmers in China, Zhu Xun, minister of the geology and mineral resources told a national meeting here today.

These mines mainly produce coal, iron ore, gold and marble stones. According to statistics, they produced 550 million tons of various ores in 1986, accounting for 34 percent of the country's total.

China have [as received] set up more than 6,000 state-owned mines since the founding of New China in 1949. But, it takes the government much money and time to establish all the mines. So the government began to encourage the development of rural mining industry a few years ago.

The rural mines are run by a town, a village, or by some peasant households.

The development of China's rural mining industry, Zhu Xun said, has provided opportunities for rural surplus labor force and has promoted the economic construction of small towns.

But, great efforts have to be made to upgrade these rural mines since they are at present equipped very poorly and their waste of mineral resources is very serious.

Zhu Xun said, "The country will continue its help to the rural mines and help upgrade their technology and improvement."

**'Value-Added Type' National Defense Viewed**  
*HK210315 Beijing JIEFANGJUN BAO in Chinese*  
4 Sep 87 p 3

["Academic Trends" report by Cheng Kuaile (4453 1816 2867) and Zhao Meike (6392 5019 4430): "Debate on the 'Value-Added Type' National Defense"]

[Text] When discussing the target and orientation of the development of national defense in the new historical period, some comrades put forth the idea of a "value-added" kind of national defense. This has aroused a small disturbance in the academic circles of our Army: some comrades agree with it and some do not, and still others are in favor of the idea but negate the concept. During the last 10 days of June this year, some theoretical workers and some comrades engaging in practical work both inside and outside the Army were invited by the *Houqin Xueshu* editorial board to a forum to discuss this question. Their opinions can be summed up as follows:

1. "Value-Added" National Defense Is a Macro-Conception for the National Defense To Develop Toward a Higher Level [subhead]

The comrades who were in favor of the concept of the "value-added" type of national defense held that "value-added" national defense is a pattern for modernization in national defense in the future, which was put forth to compare with the traditional view on national defense. Judging from the trend of development in the world, national defense is no longer a mere military concept. At present, the forces of military confrontation are concentrating, the space of confrontation is expanding, and the time of confrontation is shortening. As a result, the previous concept of war preparedness in width begin to change into war preparedness in depth. In national defense, if the high-tech input is over 50 percent of the total input, it will inevitably promote the change from a low-efficiency national defense to a high-efficiency national defense. Therefore, whether high-tech and high-tech groups are absorbed is the watershed between the "consumptive" and the "value-added" type of national defense and a strong point of the "value-added" type national defense.

The comrades who took the floor at the forum expounded on the objective necessity for a "value-added" national defense from three aspects. The swift development of science and technology after World War II and the fact that the weaponry system has become more and more complicated have placed unbearable burdens on the national economy in the development of

national defense. The direct development of military strength is changed into the development of the comprehensive strength of the state. In the building up of national defense, a question that receives wide attention in various countries is the enhancement of the position of science and technology in the state and its economic development and the strengthening of the deterrent force of national defense through promoting high-tech development. Sadisi Dawan [5646 5530 1585 6671 8001] of India said: "The state's space project is by no means a commercial project that can be bought and sold but an important means of the state to achieve overall progress."

Due to historical reasons, China's national defense system is still not rational. The main problems are as follows: national defense relies entirely on state financial investment; the costs of national defense projects are never taken into serious consideration; the results of national defense scientific research and technological achievements are not reasonably applied to civil departments; and the development of weaponry is very slow due to the large-scale and low-level war preparedness in width, which is characterized by "replacing quality with quantity." As a result of this closed and low-efficiency national defense, a series of abnormal phenomena have appeared, such as "having satellites in the sky, but still not having enough telephones on earth," and "achieving successes in making nuclear bombs, but not having any nuclear power." The contradictions between the means and the target of developing national defense have forced us to blaze a new trail through reform to develop national defense. In this respect, "value-added" national defense is a theory that can be selected. Moreover, there are also possibilities for modern national defense to "increase value." Since the threat of war varies with the times, the demands of national defense are also uncertain, and the products of national defense are only products of the times. Thus, in time of peace, there can easily be some surplus productive capabilities, while in time of war, they can easily become in short supply. It can also happen that in peacetime, national defense production and scientific research are discontinued. For this reason, there are a variety of possibilities for national defense to "increase its value."

2. There Exist Obvious Contradictions in the Theory of "Value-Added" National Defense [subhead]

Some comrades said that the theory of "value-added" national defense has confused the essential attributes and main functions of national defense. First, the main function of national defense is to safeguard national security, and its essence is a political action with military affairs as the main means rather than an economic action. If there is any "output," it can only be in terms of security, which is immeasurable and irreplaceable. Therefore, it is inappropriate to sum up the pattern of the development of national defense with the term "increase in value," which is used to show that an economic output is greater than input. Second, according to Marx' "Das Kapital," the essence of "increased



value" is the free possession of the workers' surplus labor by the capitalists. Without the changeable capital, that is, the live labor of workers, money, capital, and value are unable to "increase value." Marx also used "money bearing children" and "laying golden eggs" to describe this phenomenon. Obviously, they are satirical metaphors. Therefore, it is inaccurate to sum up the general idea of developing national defense with the phrase "increased value." Third, national defense covers a great many aspects; therefore, if it is summed up by "increased value," which is only possible in national defense production and scientific research, the concept is incomplete.

In view of the fact that at present the army has laid particular stress on production and earning money to the neglect of long-term and fundamental army building, some comrades who are doing practical work held that the idea of "value-added" national defense can easily be used as a pretext for a mistake and the orientation of army building can thus be affected.

### 3. Discard the Defective "Shell" and Absorb the Positive Idea at the Shining "Core" [subhead]

The participating comrades fully affirmed the creativity and spirit of exploration of the comrades who have put forth the theory of "value-added" national defense. Quite a few comrades held that although this concept is not very appropriate, it contains much that is reasonable. Some other comrades offered proposals on changing this concept. Some held that it would be more suitable if the concept were changed into a "highly-efficient" type of national defense or an "efficient-returns" national defense. Some held that it could be summed up as "reducing consumption and expanding the capability of increasing value." Some held that we should take the road of merging military and civil affairs and promoting both at the same time or the road of "combining military and civil affairs" and "making peacetime and wartime work overlap with each other." Some held that since the core was "building the army by means of promoting science and technology," it is necessary to take high-tech development as the orientation of the development of our national defense. Some held that since the strategy for the development of national defense is to realize modernization in national defense, which is already a clear definition that has gone deep into the people's hearts, there is no need to put forth another concept.

The participating comrades called on more comrades to show concern for and to take part in the study on the strategy for the development of national defense. They said: Due to historical reasons, in the past, very few people in economics circles had ever studied the national defense economy. Without studying the question of the national defense economy, which occupies an important position, the study of economics is incomplete and the economists are not good economists. Over the past few years, many comrades have begun to study the national defense economy. This is a gratifying phenomenon. However, there are still some problems, such as the

inadequate size of the contingent for this research and the distance between the research and the reality. Through the seminar, it is hoped that more and more comrades engaged in theoretical and practical work will attach importance to it so that greater successes can be achieved in the study of China's national defense development strategy through study and cooperation.

### Students To Get More Military Training HK200534 Hong Kong SOUTH CHINA MORNING POST in English 20 Sep 87 p 3

[By Dave Hartshorn]

[Text] Authorities have doubled the amount of military training for university students in China as part of a stepped-up government program to instill better discipline, a Beijing Education Commission spokesman said yesterday.

More than 100,000 students—male and female, undergraduate and postgraduate—from 105 colleges and "key universities," such as Beijing University and Qinghua University in the nation's capital and Zhejiang University in the south, will take part in the exercise.

The program, initially four-weeks of instruction in rifle-ry, military strategy and political thought, has been doubled to eight-weeks, since university students took to the streets demonstrating for freedom and democracy last year.

"School authorities think the students should get more discipline and training," the spokesman said. "And the students like the military training; it's so different."

The military training will be compulsory for the students to graduate, the spokesman added.

The revamped government program, with early-morning bugle calls, on-campus propaganda and official coverage by the media, was announced shortly after student demonstrations triggered a leftist backlash and the campaign against "bourgeois liberalisation."

"The courses are designed to get students to use their knowledge to work for the country and temporarily put aside their own personal interests," a commentary in *China Education News* said.

College students are required by law to accept basic military training in addition to their university course work, the circular noted.

Arousing students' "patriotic enthusiasm" and "heightening ideological and political consciousness" were also cited as program objectives, but some analysts believe the training program is a move by paramount leader Deng Xiaoping to appease leftist opposition before the 13th Communist Party Congress convenes in October.

The congress will be the culmination of deliberations held at Beidaihe, the seaside resort where China's right and left-wing leaders met recently.



**Commentator Views Intensifying Reforms**  
*HK210910 Beijing JINGJI RIBAO in Chinese*  
5 Sep 87 p 1

[Commentator's article: "Speed Up Reforms in the Course of Deepening Reforms"]

[Text] We are presently confronted by an urgent task: to accelerate and intensify reforms in accordance with the guidelines and policies on economic structural reforms already determined by the party Central Committee and to gradually establish the basic framework for a new system of socialist planned commodity economy. Such a task is clear to a great majority of comrades, but there are some people who, to some degree, adopt a wait-and-see attitude. Some people feel that as the path towards reform gets thornier and thornier, there is no point in rushing things. Others cannot wait to come up with new and more economic reform measures, believing that this was the way to speed up the pace. Indeed, how can the pace of reforms be accelerated? The correct answer lies in closely linking acceleration with intensification of reforms. Only by intensifying reforms can reforms be accelerated.

To accelerate reforms in the course of intensifying them is a necessary requirement as the development of reforms reaches a certain stage. For instance, if our primary task during the early stages of reforms was to launch reforms, formulate measures, and promptly organize and implement various methods, experiments and proposals on reforms, then nine years after the launching of reforms, our primary task now should be to exert more efforts on intensifying reforms, on perfecting the reform measures, and on consolidating and coordinating new methods. At present, while we still cannot talk of reform measures having been perfected, we can say through repeated exercise, a new system of pioneering significance has been established. We should be fully aware of our situation and not be forever hoping for a miracle which would immediately guide us to the successful completion of reforms. The road to reform should pass through tried and tested ways, go through the necessary turns and curves, and continue to open new paths—this is the fastest as well as most realistic method. The process of accelerating the pace of reforms will also be the process of intensifying reforms.

To accelerate the pace of reforms in the course of intensifying reforms is also the law in the movement of the internal contradictions of reforms. While the path towards reforms may indeed become thornier and thornier, it also grows wider and wider. The people can see that the difficulties and the thoroughness demanded in the reforms are consistent; many of the difficulties encountered in reforms constitute precisely the breakthrough points in the next step of the reforms. As the change from old system to new one becomes more acute, frictions will also increase. Once a breakthrough is made, then reforms would also enter a new phase. However, this kind of breakthrough depends on the gradual increase of new factors, and in order to achieve a

qualitative leap in the course of quantitative changes, it is necessary to continue intensifying reforms so that the new system can develop greater vitality.

To accelerate reforms in the course of intensifying them is also an effective means for us to improve understanding and enhance our consciousness of reform. A shallow knowledge of the subject of reforms often makes people's understanding stop at a superficial level or even at a cognitive state of contradictions. Only by intensifying reforms can one further deepen one's consciousness of reforms. Once people's understanding has been reinforced, and their consciousness enhanced, then social obstacles can be directly cut down and the progress of reforms sped up. Hence, whichever way one looks at it, intensification of reforms will be a major task in the days to come.

Intensification of reforms must be carried out in various aspects. First of all, it is necessary to continue to adhere to the principle of "separation of the two powers" in invigorating enterprises, notably large and medium enterprises. While publicly-owned enterprises belong to the entire people, they cannot be run by everyone. Under the premise of explicit ownership of assets, the management authority should be delegated to entrepreneurs or employees' collectives. Different operational methods should be implemented in accordance with the nature of the ownership system, the size, and the differences in technical nature of the enterprises, and these methods should also be defined in legal and contractual forms. Whether it be contracted or uncontracted enterprises, it is necessary to resolutely implement the system of responsibility by the plant manager and of internal accountability in order to raise administrative standards.

Secondly, it is necessary to develop horizontal economic ties, which means that enterprises coordinate among themselves on the various factors of production such as personnel, capital, technology, and resources. This is a major strategic measure to develop large scale socialized production. Earlier, horizontal ties between regions and enterprises developed rapidly, but the results left much to be desired. Lacking an eye for long term strategies, the enterprises would sometimes link up and then split up, while the question of administrative intervention was not fully settled. Later, with the implementation of the principle of "separation of the two authorities", the enterprises' right to decide on voluntary association was further assured and an internal mechanism for formation of horizontal economic ties was developed, which in turn, would serve as a breakthrough for raising the standard of such economic ties. The trend points towards promotion of investments and share buying among enterprises, as well as to creation of associated enterprises of differing levels.

Thirdly, it is necessary to establish and perfect the socialist market structure. Over the last few years, the financial market, capital goods market, technology market and labor market were conceived and developed at varying degrees. The appearance of these markets,

including the new experiments on issuance of bonds, stocks and franchises, came about naturally along with the development of large-scale socialized production and of commodity economy. Markets are not the monopoly of capitalist society. Socialism could also use them to its own benefit. Hence, the establishment and perfection of the socialist market structure is not only a complementary reform measure that is closely linked to invigoration of enterprises as well as promotion of horizontal economic ties between enterprises, but in itself, it is an important reforms subject in the endeavour to develop socialist planned commodity economy. Meanwhile, the perfection of the regulatory measures and system as well as acceleration of establishment of a new system that would integrate guided planning with market regulation in accordance with the new mechanism of "the state regulating the market, and the market guiding the enterprises"—these should be the major objectives of reforms.

Moreover, looking from another level of the reforms, the question of the ownership system and of distribution is always an important link. We should uphold the principle of socialist public ownership system as the essence, and the principle of to each according to his labor as the basis. However, owing to various historical conditions and to the underdeveloped state of productive forces in our country, our country remains in the initial stage of socialism. Such a state dictates the necessity of allowing for the existence of various economic forms but with the economy of public ownership system as the essence. It also calls for the implementation of various distribution systems under the premise of to each according to his labor. All these are decided by the objective law governing the complementary development of the production relations alongside productive forces.

Summing up, the road towards reform has opened up and becomes deeper and wider as it goes on. It will not stop nor will it move backward. Based on the success of the nine years of reform, we see a new dawn pointing towards inevitable overall success of the reforms. We will also draw new strength from the imminent 13th CPC Congress. Continuing intensification of understanding, continuing intensification of practice, and continuing acceleration of the pace of reforms—this is a natural logic as well as a natural result.

**Relationship Between Wages, Prices Viewed**  
*HK190132 Beijing GUANGMING RIBAO in Chinese*  
22 Aug 87 p 3

[Article by He Tianzhong (6320 1131 0022): "Several Questions in Handling the Relationship Between Wages and Prices"]

[Text] The proper handling of the relationship between wages and prices is already an important daily economic and political problem in the deepening of the economic

reform, the development of production, and the protection of social stability. The way to solve this problem basically is to establish a new model of the relationship between wages and prices under the conditions of the commodity economy.

Under the existing commodity and monetary conditions, the nominal wages are only the symbol of the value of the laborers' income while the real indicator of the high or low of their real income is the consumer goods that can be purchased with their incomes. To analyze and handle the problem of wages, we must depart from the real increase or decrease of the wages as the standard. The problem extending from this is as follows: Can the price allowance given to the workers by the central and regional governments to make up for the price adjustments be considered a wage? The answer, of course, is yes, because an increase in prices in reality is a drop in wages. In this regard, there is no difference between directly increasing the nominal wages or giving allowances, because each is aimed at solving the problem of the workers' real income. The practice of deleting the allowance from the total amount of wages when paying the additional wages while putting it back in the total amount of wages when commenting on the improvement of the life of the workers during the publishing of the statistic report was for the purpose of not showing any increase of financial expenditures. This problem is worthy of our attention because it blurs the nature of wages and the concept of the scope of wages. There are certain comrades who made this kind of temporary measure into the normal work method and policy decision during a certain period or who favored the separation of wages and prices. All this is worthy of discussion. This is the forced cutting and separating of what originally is one thing. This is not only theoretically illogical but also impossible in practice. Only by enlarging the extent of the increase of the income of the masses so it is not lower than the extent of the price increases can the real standard of living be kept from going down. Wages and prices are very closely related to each other. Therefore, only by holding on firmly to the crux of the problem can the relationship between wages and prices be properly solved. The Reform of the Old Model Under the Product Economy Conditions Must Be the Starting Point [sub-head]

Under the conditions of the product economy, the characteristics of the old model of the relationship between wages and prices are as follows: The state centrally fixes the increase or decrease of the wages and prices and centrally bears and handles all economic responsibilities stipulated by government decrees in the relationship between wages and prices. The enterprises themselves are not responsible for profits and losses. Regardless of whether or not they have the ability to pay, all enterprises may spend expenditures according to the stipulations. Implementing this kind of model can satisfy the masses when the government's policy decision conforms with the demand of the objective laws and the method is proper. But generally it results in the collapse of purchases and sales, continuously increasing the financial



burden of the state and also making it difficult to solve the problem of the economic activities of society and the vitality of the enterprises. If the policy measures are not proper, it can then lead to the ration distribution system of military communism. This will cause economic life to become primitive, and sometimes it will even be difficult to maintain the simple production of the forces of labor.

With regard to the problem of handling the relationship between wages and prices, the change from the old model of the product economy to the new model of the commodity economy must also be gradually realized. The so-called new model of handling the relationship between wages and prices under the conditions of the commodity economy is the need to adapt to and reflect the general demand that the enterprises "really become relatively independent economic entities and become the socialist producers and managers of products with independent management powers and self-responsibility for profits and losses." The dividing line between the old model and the new model is not concrete methods, but whether the state or mainly the enterprises bear the burden of the expenditure for making up for the price increases. Thus, whether or not the enterprises themselves solve their wage problems, in the present situation in China the expenditures resulting from the increase in the general level of prices cannot be entirely borne by the state. The enterprises also must bear these expenditures. Except for the state organizations and a number of institutions where these expenditures are entirely borne by the state, the enterprises must gradually change from mainly the state shouldering the burden to the enterprises mainly assuming responsibility for the burden. This is done by the enterprises according to their independent management powers, self-responsibility for profits and losses, and their capacity to assume the burden.

In handling the relationship between wages and prices during the past 8 years, China gave two price subsidies during the two major price readjustments. However, the method of wage increases being faster than price increases was adopted so that the real wage level correspondingly increased along with the increase in the economic benefits. In this way the increase in the monetary wages of the workers was partly to make up for the increase of prices and partly showed the increase of the labor remuneration. At the same time, by means of the tax-in-lieu-of-profits reform, part of the wages, namely, the money awards and the piece work wages in excess of quota (about one-third or one-fourth of the income of workers in the enterprises), have been attached to the economic benefits of the enterprises. In addition, by means of the testing point of the total amount of wages being attached to the economic benefits of the enterprises, the total income of the wages of the workers has also become attached to the economic benefits of the enterprises. In reality, at present the enterprises have already made up for the price increases with part of their money awards or part of the attached inflated wages. In regard to the price subsidy implemented in 1985, the expenditure was met in many places by the retained profits of the

enterprises or mainly together by the region and the enterprises. This is the starting point of the transition from the old model to the new model of the relationship between wages and prices.

#### Raising the Economic Benefits of Production Must Be the Premise [subhead]

It makes no difference whether the original real level of the workers' wages is being guaranteed or whether their real wage level is being raised; everything must have the corresponding material basis. For a long time, China has followed the trend of thought of egalitarianism on the matter of wage increases, and on the matter of expenditures for making up for the price increases only the state can centrally make those expenditures, and the subsidy can only be paid to each individual worker. Such increases and reductions that are detached from the economic benefits of production and that demand the unconditional guarantee of the state not to lower the wage level of the workers is wrong. In handling the relationship between wages and prices, it is necessary to consider the number of persons in the family the worker must support. But since 1985 a number of places have widely given subsidies to the residents of municipalities with no regard to whether or not they are family members of workers. This method is worthy of study because this means that part of the wage is entirely detached from production and also the social relief subsidies of the civil administration expenditures are mixed up with wages.

It must be made clear that the condition for maintaining the real wage level of the workers and not lowering it is to maintain and to increase modestly (there is the factor of the growing population) simple re-production and to maintain the original or a slightly higher level of labor productivity. Without this, and lacking the corresponding consumer goods, raising the real wages simply is nonsense. This has already been proven by history and reality. Seen from the perspective of history, from 1958 until 1978 there was the factor of falsity in the increase of the total value of production because of the long-term "leftist" mistake. The second category of production increased very slightly, and even dropped. Even when the price index of the living expenses of the workers rose only 14.3 percent, the real wages of the workers dropped 11.5 percent. In the past 8 years, the rather fast increase in the real wage level of the workers could only be guaranteed by the increase of production ability. But at present China's production capability is rather backward. Of the total expenditures for consumer goods of the workers and residents of China, almost 60 percent of the expenditures are for food items. In the near future, it will not be possible to increase this aspect of production by means of the market mechanisms and other measures. Thus, there will be a certain amount of difficulty in guaranteeing and raising the real wage level of the workers.



Paper on 'Double Increase, Double Economy'  
HK150447 Beijing HONGQI in Chinese No 17,  
1 Sep 87 p 2

["Forum: Combine the 'Double Increase and Double Economy' Campaign With Efforts To Deepen Enterprise Reforms"]

[Text] China's national economy has maintained a healthy trend of steady development during the "double increase and double economy" campaign and the deepening of enterprise reform. However, the tasks to successfully fulfill the 1987 plan for the national economy and national budget and to realize the targets for increasing revenue and reducing expenditure can still be rather arduous.

To continue to maintain the steady growth of the national economy, relieve the existing difficulties, and develop the excellent situation the key lies in genuinely combining the "double increase and double economy" campaign with efforts to deepen enterprise reform. Reform is the direct motive force for "double increase, double economy," while the latter is the inevitable requirement and result of deepening reform. Enterprises are the greatest source of the state's financial and tax revenue. A solid material basis of finance is possible only when we deepen enterprise reform, further give play to the initiative of enterprises and workers and staff members, strengthen the vitality of enterprises, and improve their economic results. A basic experience of reform over the past few years is that efforts must be exerted to raise labor productivity and to promote the development of productive forces. A correct orientation and target of reform is guaranteed when this point is grasped. In pursuing the contracted management responsibility system, it is necessary to promote increasing revenue and reducing expenditure and to show in finance the results of the contracted management responsibility system, to guarantee steady growth of the national income. We should pay attention to studying and gradually solving all sorts of problems emerging in pursuing the system and guard against all sorts of short-term behavior of enterprises bringing injuries to the state and society. For example, to strictly guarantee the fulfillment of national income, it is imperative to earnestly implement the principle of "strictly contracting the base, guaranteeing delivery, allowing greater retention for greater profits, and assuming sole responsibility for deficits" in implementing the contracted management responsibility system. Regarding those enterprises under contract, it is necessary to gradually change the practice of returning loans prior to taxation into returning loans after taxation in order to change the condition of enterprises eating from "the same big pot" of the state, to ensure enterprises will take a firm grasp of their internal management and operation as well as technological progress, and raise funds on their own to seek their own development. With the implementation of the contracted management responsibility system, all enterprises should turn their attention to themselves and fully tap their own potentials for increasing output and income and for increasing income

through practicing economy. They must not shift their burden to others by resorting to measures in violation of state law and discipline, including raising prices or raising prices in disguise to seek improper income. It is imperative to strictly control the expansion of consumption funds and to guard against enterprises allowing too high wages and bonuses in distribution.

In pursuing the contracted management responsibility system, doing a better job in handling the relationship between the state and enterprises, and making complete and perfect the operational mechanism of enterprises, our basic objectives are to guarantee the long-range steady growth of national income and to strengthen the vitality of enterprises, so that enterprises will gradually acquire the capabilities of self-accumulation, self-transformation, and self-development to boost their reserve strength. Therefore, after implementation of the contracted management responsibility system, enterprises must base themselves on down-to-earth work, strict management, improving quality, economizing on all expenditures, lowering costs, and raising labor productivity. Enterprises must start from and base themselves on tapping their internal potentials to realize increase of output and income; by no means should they seek their own interests by seeking measures to shift their burden onto and to cause injuries to society.

At the conference of provincial governors in January 1987, a leading comrade of the State Council pointed out that we must soberly see that latent unstable factors still exist in our economic life. Superficially, they appear in the form of financial deficit, but essentially, the problems are excessive expansion in financial expenditures and excessive investment in fixed assets, which has exceeded our national strength, while the investment structure is far from rational. The disparity between the general social supply and demand has not been basically resolved. While increasing and improving general supply, it is necessary to focus on checking the excessive general demand. We must resolutely suppress the excessively expanded extrabudgetary investment in capital construction with self-raised funds in order to guarantee the key projects in the national plan. All departments, from the central level to all localities, must reduce expenditures in a big way, excessive nonproductive expenditures in particular. At the same time, it is necessary to continue to control the growth in consumption funds. We should advocate the spirit of hard work and bitter struggle and building up the country through thrift and hard work and resolutely correct the unhealthy style of seeking grandeur, extravagance, and waste.

We should earnestly implement the series of decisions of the CPC Central Committee and State Council centered on unfolding the "double increase, double economy" campaign and continue our efforts to deepen reform. We must base our efforts on the overall situation, overcome difficulties, do a good job of our work, and work hard to fulfill the tasks of increasing revenue and reducing expenditure.

**1st Price Control Regulations Published**  
*OW191808 Beijing XINHUA in English 1524 GMT*  
19 Sep 87

[Text] Beijing, September 19 (XINHUA)—China's first regulations on price control were published today to protect the legitimate interest of the state, producers and consumers.

The 39-article regulations, according to a leading official of the State Administration of Commodity Prices, are formulated on the basis of the "Provisional Regulations on Price Control" issued by the State Council, China's highest governing body, five years ago.

The old regulations proved to be incompatible with the requirements of China's ongoing reforms, the open policy and economic development, he added.

The new regulations specify three price forms in China: state-set prices, state guided prices (prices that may fluctuate within a certain scope set by the government) and market regulated prices, or prices that are determined by the market force.

Price control offices at all levels are required to offer information services and improve their function of "coordination and guidance."

The regulations also give enterprises the authority to set prices for some products, and provide that enterprises must observe state price policies and regulations, and accept management and supervision.

To implement the price control regulations, the official said, the State Administration of Commodity Prices will formulate more detailed regulations.

**Vegetable Price Controls Viewed**  
*HK170616 Beijing CHINA DAILY in English*  
17 Sep 87 p 4

[Article from the "It Seems to Me" column by Yi Qun]

[Text] "You can't have your cake and eat it too"—so people's abstract reasoning tells them. But in reality it's what they instinctively want.

For example, they want an endless supply of vegetables, rich variety, good quality—and the lowest possible prices.

But low prices plus centralized and ossified management brought them only a scanty supply of vegetables, many in barely edible condition.

Later, price controls on vegetables and the management of markets were eased, and farmers were encouraged to sell vegetables in cities on their own.

The once stagnant markets have become bustling and dynamic. Urban residents have had plenty of fresh vegetables at their disposal.

But nothing is ever perfect in this world. The higher prices that played a big part in bringing about a booming vegetable market keep going up, which has made people cringe.

Many blame price rises on vegetable speculators.

In mid-August, a drive against speculators was started in Beijing. Uniformed market inspectors, patrolling streets and markets, enforced market regulations and meted out punishment. Many citizens heaved a sigh of relief.

But the repercussions were not confined to those breaking the rules. Many farmers engaged in transporting and selling vegetables were startled. Some, afraid of being treated as speculators, steered clear of Beijing and carried vegetables to other cities. Others simply shifted to other trades.

At the same time, price ceilings were imposed. Prices of some popular vegetables were artificially kept as low as in vegetable producing areas in Hebei Province around Beijing. Who but fools would undertake such profitless vegetable marketing?

The results began to tell. Cucumbers disappeared overnight from the market in mid-August. And then eggplants, tomatoes and big-chillies followed.

In Beijing's Shuidui farm produce market, the daily replenishment of cucumbers and eggplants plummeted by two-thirds and the supply of chillies dropped by three-fourths immediately after price ceilings were imposed.

Moreover, a slight shiver in the Beijing market touches off powerful earthquakes in vegetable-producing bases in rural areas. In Gu'an County, Hebei Province, where vegetable fields have expanded tenfold since the Beijing market opened wide few years ago, vegetables have to find other outlets, driven away by low prices on the Beijing market.

Even some market management people are beginning to question the wisdom of such sweeping price controls, which were prompted not so much by seasonal and regional demands as by arbitrary assumptions.

All in all, it is the law of value that ultimately affects the production, marketing and price fluctuations of vegetables.

It seems that the imposition of price ceilings on vegetables has done harm rather than good.

Fortunately, the Beijing Municipal Government soon became aware of the incipient vegetable crisis and scrapped the price ceilings on August 30. Fresh vegetables, therefore, started to make a comeback.

The reversal in August may provide some food for thought.



Aside from abiding by the law of value, we should, it seems, review our notion of strengthening the market management.

At the mention of straightening out the market, people automatically think of imposing strict rules and punishing violators. This is only one side of the matter;

Market management personnel have so far been immune from punishment. Some of them treat vegetable sellers high handedly and others fleece them. This only helps to clog up sales outlets. To cap all, their lack of management knowhow poses an impediment to the improvement of market management.

Some of them only try to maintain order, confiscate goods and mete out financial penalties. Some obviously relish strutting about in uniform on the streets. They seldom consider bringing the law of value into play, co-ordinating various economic relationships or creating a favourable atmosphere for vegetable farmers.

So improving the quality of market management personnel constitutes another side of the issue, and a more important one in a sense.

Cracking down on illegal speculators is no doubt a timely and necessary step in clearing the market of destabilizing factors. But at the same time, law-abiding farmers and vendors should be protected and reassured of the stability of government policies. What is more, rules and regulations should be established to ensure the smooth operation of the market.

**Financial, Banking Reforms Yield Good Results**  
*OW190245 Beijing XINHUA Domestic Service*  
*in Chinese 0808 GMT 18 Sep 87*

[Text] Beijing, 18 Sep (XINHUA)—Since the 3d Plenary Session of the 11th CPC Central committee, a host of significant reforms have been carried out in our country's financial and banking management systems. These reforms have yielded remarkable results in increasing our country's financial resources and ensuring its economic development.

During the past few years, our country has put into practice new systems aimed at enlarging the power of enterprises, including the establishment of enterprise funds, retention of a portion of profits by enterprises, paying taxes instead of turning profits over to the state, and various profit or loss responsibility systems. Meanwhile, a number of tax reduction measures have been adopted step by step to allow enterprises to keep more profits at their own disposal. This has corrected the previous problem of an overconcentration of power and greatly increased the portion of profits retained by state-owned enterprises. In 1979 the profits kept by step-owned enterprises totaled 8.7 billion yuan. In 1986 the figure reached 48.9 billion yuan, a more than four-fold increase.

The practice of "letting people eat from their own kitchens" has stirred up the enthusiasm of local authorities to do well in managing their finances. Since 1980,

two local budget management systems have been implemented: First, there is a system that "distinguishes the revenues and expenditures of local authorities from those of central authorities, with responsibilities apportioned at different levels." There is also a system characterized by "a distinction between central and local taxes, a fixed scope of revenues and expenditures for local authorities, and apportionment of responsibilities at different levels." The systems have further aroused the local authorities' initiative to open new revenue sources and boost income by increasing production. In 1986, the total local financial capability at various levels from sources listed in their budgets accounted for about one-half of the country's total financial capability, and the accumulated local financial surplus amounted to 25.1 billion yuan, doubling the 1979 figure of 12.4 billion yuan.

As a result of banking system improvement, a new system has come into being with the central banks playing the leading role while the four specialized banks function as pillars. In addition, more than 50 trust and investment companies have been established, including the Investment Bank of China, the People's Insurance Company of China, the China International Trust and Investment Corporation, and the Communications Bank of China. A number of financial institutions that are run by collectives and are not called banks have been developed as well. These reforms have provided more channels for raising funds and adjusting the flow of funds. As a result, activities involving the handling of funds are becoming more and more dynamic and banks are playing an ever growing role in economic construction. Both the amount of bank deposits and the amount of bank loans in 1986 showed a more than threefold increase above the 1978 records set before the institution of these reforms.

Economic reforms have further emancipated the productive forces in society and quickly increased our country's financial and credit funds. In 1986, the total of such funds reached 544 billion yuan, up by 380 billion yuan compared with 1978 and an increase of more than 200 percent.

As people in the economic community here point out, despite the important role played by the financial and credit funds of our country in stimulating the rapid growth of the national economy and improving the people's living standards, there are still some problems, since a dual change is being made in both the style of economic development and the pattern of economic management. The main problem is the imbalance between financial revenue and expenditure and between credit receipts and payments, which has adversely affected the basic balance between the total supply and demand in society. Since doing away with the unified control of revenues by the state financial department, our country has yet to establish an effective system and mechanism to guide the rational use of the funds available in society. Because of this, some projects that should be undertaken by local authorities, local departments,



and enterprises using their own funds still have to be financed by the state funds, and have become a responsibility of the central financial department. This has given rise to an imbalance between financial revenue and expenditure, and a deficit has appeared almost every year. As regards credit loans, over the last 8 years, the increase in various bank loans has greatly exceeded the growth of various deposits. This is not in line with the growth of the economy.

**Officials Expelled for Taking Bribes**  
*OW201450 Beijing XINHUA in English 1434 GMT  
20 Sep 87*

[Text] Beijing, September 20 (XINHUA)—A senior official in Hubei Province has been sentenced to four years in jail for taking bribes, according to reports reaching *Xinhua* today.

Jin Hui, 46, was deputy director of the office of the Hubei provincial party committee before he was expelled from the party and arrested for taking 8,600 yuan (rmb) and 850 Hong Kong dollars in bribes between November 1984 and April 1986.

In Sichuan Province, eleven officials at the county level have been expelled from the party for the same reason, and ten of them are now in jail, according to reports reaching *Xinhua* today.

Zhang Enlin, an official at the Panzhihua iron and steel company, was sentenced to five years in jail for taking bribes amounting to 12,500 yuan while taking charge of the company's afforestation project.

**XINHUA Urges More University Research**  
*OW191010 Beijing XINHUA in English 0854 GMT  
19 Sep 87*

[Text] Beijing, September 19 (XINHUA)—China's institutes of higher learning have become more research-minded since the country began to practise its open policy, the "People's Daily" reported today.

China sees a strong army of researchers evolving. However, their initiative has not been fully tapped as the previous closed-door policy kept them ill-informed of the developments of their foreign counterparts.

"As a result, some researchers just repeated the work already finished or done by researchers abroad," the paper said.

To change the situation, universities began in 1979 to send teachers and researchers abroad to study, conduct research, give lectures and attend international meetings.

The postings have numbered 5,000-10,000 annually, not including 2,000 or so postgraduates studying abroad every year, the paper said.

More and more foreign professors and scholars have been invited to share their experiences, give lectures or attend meetings hosted by China institutes.

Every year about 15,000 foreign professors and experts come to China, the paper said.

The exchanges have made the institutes reform their teaching and research methods.

During the 1950-1960 period, there were almost 1,000 different branches and specialities in the universities but now there are only 200.

Some universities like Beijing, Wuhan and Fudan used to specialize in pure liberal arts and basic natural sciences but in recent years have added new branches on applied science and technology.

Other universities of engineering such as Qinghua and the Central China Engineering Institute have also set up branches on liberal arts, the paper said.

It is an international practice to set up joint-ventures between universities and enterprises for scientific research and investigation, the paper said, adding that China's universities have participated in 571 such ventures.

While absorbing information and technology from abroad, China's universities have also provided their achievements and results for other countries.

Over the past eight years, China's universities have offered thousands of academic papers to international academic institutes and publications.

In 1985, the institutes offered 5,793 papers to international conferences and in 1986, 5,556 papers. They also exported 114 technological achievements that year, the paper said.

**Foreigners' AIDS Tests Sparks Protest**  
*HK211108 Hong Kong AFP in English 1027 GMT  
21 Sep 87*

[By Patrick Lescot]

[Text] Beijing, Sept 21 (AFP)—A newly-announced AIDS [Acquired Immune Deficiency Syndrome] prevention campaign in southern Guangdong province suggests how worried Chinese authorities are about the spread of the fatal illness in regions most open to foreign influences, observers here say.

The *New China News Agency* [NCNA] said on the weekend that videos would be shown in public areas, and books and leaflets distributed, to warn people against Acquired Immune Deficiency Syndrome.

In a dispatch, it underlined that Guangdong's proximity to Southeast Asian countries where AIDS cases have already been reported. The province also borders on China's two affluent windows on the West, Hong Kong and Macao.

Observers said the campaign appears to accompany efforts by authorities to take tougher measures against prostitution, which has made a comeback in the province's leading city, Guangzhou, in the past few years.

Police in Guangdong this year closed more than 100 inns used for prostitution, according to official sources.

China, where officially only two Chinese have died of AIDS after receiving transfusions of imported blood, is determined to guard itself against the syndrome, which attacks the body's ability to combat infection.

According to the World Health Organization, the number of AIDS-infected Asians tripled between September 1985 and April 1987. As of September 1, it added, 677 deaths had been reported, up from 523 in April.

Special measures have already been announced for foreigners living in China—measures that have sometimes met with indignation, particularly among Japanese who make up China's biggest expatriate community.

Japanese were the first in Beijing to undergo AIDS testing for foreigners that was announced in December 1986, and they appear to be the targets of special surveillance.

Since March, a Japanese diplomat said, at least 20 Japanese have protested to their embassy about the conditions under which Chinese health authorities had administer the tests.

Japanese expatriates interviewed confirmed the diplomat's words.

"After a blood test and a chest checkup, I was asked to go into a small room. There, a doctor—I presume—asked me to strip naked," said a Japanese businessman, recently arrived in China, who requested anonymity.

"Without examining me, he asked me to face him and then turn around.

"He observed me for a moment and said, 'Fine.' I have not received any results since then. If this was an AIDS test, I don't understand why I was asked to strip. A blood test should be sufficient."

The businessman, in his 50's, said he was never frankly told at any time that he was undergoing an AIDS examination. He added that no interpreter was present.

Japanese diplomats said Chinese authorities maintained the tests were aimed at detecting sexual diseases, and that "if doctors ask (you) to strip naked, it should be done."

AIDS is known to be transmitted through sexual contact, but that is not the only way it can be spread. Blood transfusions and infected hypodermic needles are others often cited by AIDS researchers.

China says it eradicated venereal diseases in 1964, but officials have reported their resurgence since China adopted its open-door foreign policy and allowed contacts between Chinese and foreigners to flourish.

But observers noted that sexual relations between Chinese and foreigners is sternly frowned upon—and that a Chinese woman who has sex with a foreigner who is not her husband can be regarded as a prostitute.

Chinese police recently questioned four Americans and five Japanese in a Shanghai hotel for alleged sexual relations with Chinese.

A Western medical source said that Western expatriates and students who have recently arrived in China will soon have to undergo the same tests.

Last year foreign students in China refused to take the tests, concerned they said about sanitary conditions—particularly a lack of disposable syringes for blood tests.

Foreign diplomats have so far been exempted from the test, which in principle must be carried out on all foreigners.

In announcing the Guangdong AIDS prevention campaign, NCNA stressed the high costs of AIDS tests kits—a Western medical source said China has chosen one developed by the Pasteur Institute in Paris—meant checks could be conducted in only a "minority" of regions.

**Expert Sees Continued Population Growth**  
*OW191122 Beijing XINHUA in English 0811 GMT*  
19 Sep 87

[Text] Beijing, September 19 (XINHUA)—Last year's jump in the birth rate was due mainly to a big increase in the number of fertile women over the previous two years, says Ma Yingdong, a population expert.

"This has aggravated the situation of early marriage and child births which has existed since 1981," he said in an interview with *Xinhua*.

A contributing factor was also an increase in women bearing two or more children, Ma said.

According to the State Statistical Bureau, the birth rate and natural growth rate of the Chinese population were 20.77 and 14.08 per thousand respectively in 1986. The total population reached 1,060,080,000.

"Population will continue to grow this year," Ma said, "and the birth rate will exceed 20 per thousand and natural growth rate, 13 per thousand."

The increase in the number of fertile women resulted from a baby boom in the early 1960s, and the women's peak birth ages have shifted from 25-29 in 1980 to 20-24 at present, Ma noted.

Ma called attention to earlier marriage and child births and stressed the need to reduce births in rural areas while consolidating the achievement of "one child one family" policy in urban areas.

Ma is member of a consultative group to the State Planning Commission and head of a research office of the Chinese Population Information Center.

**RENMIN WENXUE Chief To Be Reinstated**  
*HK200248 Hong Kong WEN WEI PO in Chinese*  
20 Sep 87 p 1

[Dispatch from correspondent Liu Jui-shao (0491 6904 4801): "Liu Xinwu To Be Officially Reinstated"]

[Text] Liu Xinwu, chief editor of the literary monthly *Renmin Wenxue*, who was suspended from his post for investigation some months ago, has just got notice that he will be officially reinstated. The official document of his reinstatement will be issued when the last formality is completed next week. It has been learned that the relevant department consulted the State Nationalities Affairs Commission, the *Renmin Wenxue* office, and some writers, and the Chinese Writers' Association called a meeting and invited the participation of more than 10 relevant personalities. At the meeting, consent to Liu Xinwu's reinstatement was eventually given, and the Chinese Writers' Association party group officially notified Liu Xinwu of the decision.

**Commentator Stresses Air Pollution Control**  
*HK211521 Beijing RENMIN RIBAO in Chinese*  
12 Sep 87 p 4

[Commentator's article: "Properly Manage the Atmospheric Environment According to Law"]

[Text] At its 22d session, the Standing Committee of the 6th NPC adopted the "Law on Prevention and Control of Atmospheric Pollution of the PRC" and specified that the law would go into effect on 1 June 1988. This is a major step to protect and improve the living and ecological environment, safeguard human health, and promote the development of socialist modernization.

China has made considerable progress in preventing and controlling atmospheric pollution in recent years. However, it remains very serious. Atmospheric pollution in some areas and the density of some pollutants continue to grow. Take the quality of atmospheric environment for example. According to a survey conducted in 60 cities, the average daily density of suspension of particles in the air is 1.2 times above the second-grade standard. According to another survey in 32 cities, the average daily density of sulphur dioxide is 0.5 times above the second-grade standard for continuous automatic monitoring of the atmosphere. Air pollution in the northern cities is far above the permissible level especially during winter when heating is needed. Atmospheric pollution, which is tremendously harmful to the environment and people's health, has roused the attention of all.

The fundamental measure to prevent and control atmospheric pollution is to formulate and perfect laws on environmental protection, so that the management of the atmospheric environment may be incorporated into the framework of rule by law. The "Law on Prevention and Control of Atmospheric Pollution" has specified some systems and methods for preventing and controlling atmospheric pollution and laid down the base on which to exercise management of matters concerning such pollution. It takes an important position in our country's laws on environmental protection.

Atmospheric pollution in our country is, in a very large degree, caused by mismanagement and by the irrational layout of urban and rural construction. It is clearly laid down in the "Law on Prevention and Control of Atmospheric Pollution" that the State Council and local people's governments at all levels should incorporate the work of protecting the atmospheric environment into their economic and social development plans, make reasonable arrangements for industrial production, adopt measures for preventing and controlling atmospheric pollution, and protect the atmospheric environment. In addition, the "law" reiterates the methods which have been found effective in preventing and controlling pollution in the past, such as the "three simultaneous measures," evaluation of effects on the environment, registration of application for discharge of pollutants, payment of fees for discharge of pollutants, and on-the-spot inspection of a polluting unit. The "law" also includes specific regulations governing smoke, waste gas, dust, and offensive odors, which are the main pollutants of the atmospheric environment. Moreover, it specifies the legal liabilities of the polluting units and the duties of the environmental protection departments. All these provisions reflect the objective law of the work of protecting the atmospheric environment and embody the wishes of the vast majority of people.

Air is one of the basic prerequisites which mankind cannot afford to be without for even a moment. Everyone has the duty to protect and improve the atmospheric environment. This has been clearly laid down in the "Law on Prevention and Control of Atmospheric Pollution" which states: "All units and individuals have the obligation to protect the atmospheric environment and have the right to report and warn units and individuals who pollute the atmospheric environment." All units and individuals should treasure the rights they are enjoying and, at the same time, perform their duties. Now that the "Law on Prevention and Control of Atmospheric Pollution" has been promulgated, the whole society should seriously study it, vigorously publicize it, and firmly implement it. All units and individuals should actively strive to manage the atmospheric environment according to law and protect and improve our country's atmospheric environment.



### East Region

#### **Fujian Secretary Speaks at Memorial Service** *OW200856 Beijing XINHUA Domestic Service* *in Chinese 1308 GMT 19 Sep 87*

[Text] Fuzhou, 19 Sep (XINHUA)—Comrade Yuan Gai, chairman and party committee secretary of the Fujian Provincial CPPCC Committee, died of illness on 10 September at the age of 65.

A memorial service for Comrade Yuan Gai was held in Fuzhou on 18 September. The CPPCC National Committee, the Central Commission for Political Science and Law, the Organization and United Front Work Departments of the CPC Central Committee, the Supreme People's Procuratorate, and the Ministry of Justice, and Comrades Fang Yi, Qiao Shi, Yang Shangkun, Chen Pixian, Peng Chong, Ye Fei, Yang Qingren, Qian Changzhao, and Yang Chengwu either cabled condolences or sent wreaths.

Jia Qinglin, deputy secretary of the provincial party committee, presided over the memorial service. Chen Guangyi, secretary of the provincial party committee, delivered a memorial speech. In his speech he said: Comrade Yuan Gai was a native of Huaxian County, Shaanxi Province. He joined the revolution in July 1938 and the CPC in March 1939. During the revolutionary period, he served as a company political officer in the Eighth Route Army, as district head, as director of a county Political Department, as secretary of a district party committee, and as secretary of a county party committee. After the founding of New China, he served as vice chairman and chairman of the Xiamen City Trade Union Council; director of the Organization Department of the Xiamen City CPC Committee and deputy secretary and first secretary of the Xiamen City CPC Committee; deputy secretary and secretary of the Fuzhou City party committee; member of the Standing Committee, director of the United Front Work Department, and secretary of the Commission for Political Science and Law of the Fujian Provincial CPC Committee; and vice chairman of the Fujian Provincial CPPCC Committee. At the 1987 Fujian provincial party congress, he was elected representative to the 13th CPC National Congress.

During the difficult years of war, Comrade Yuan Gai made contributions in consolidating and developing the revolutionary bases and in winning the war of resistance against Japan and the liberation war. After the founding of the Republic, he made important contributions in fostering cadres and in urban construction while serving in Xiamen and Fuzhou. During the 10 years of turmoil, he endured serious persecution, but he always believed in the party, endured humiliation for the sake of an important cause, and upheld party principles, thus demonstrating a communist's strong party spirit. After the downfall of the "gang of four," he wholeheartedly supported the implemented line, principles, and policies adopted since the 3d Plenary Session of the 11th CPC

Central Committee and always maintained political and ideological uniformity with the party Central Committee. He made important contributions while heading the provincial Commission for Political Science and Law, the United Front Work Department of the provincial party committee, and the provincial CPPCC Committee. The memorial speech said: Comrade Yuan Gai was loyal to the party's cause and dedicated his whole life to the party and the people. His life was one of wholeheartedly working for the party's cause and serving the people.

#### **Chen Guangyi on Fujian Economic Development** *OW201050 Fuzhou Fujian Provincial Service* *in Mandarin 1100 GMT 19 Sep 87*

[Excerpts] Chen Guangyi, secretary of the Fujian provincial party committee, discussed the strategy for eastern Fujian's economic development at a recent on-site meeting on Ningde Prefecture's economic construction held by the provincial party committee and the provincial government.

He pointed out: It is necessary to take advantage of local superior features; to undertake production projects of low cost, short production cycle, quick effects, and maximum benefits for the people; to make great efforts to develop medium and small enterprises and rural enterprises and transform existing enterprises, and to strive to develop a collective economy and invigorate family business operations. [passage omitted]

On eastern Fujian's long-range development plans, Chen Guangyi pointed out: We must rely on science, technology, and qualified personnel. On the one hand, we should properly and flexibly use existing manpower resources. On the other hand, we should open our door wider to speed up the process of hiring talented persons and obtaining intellectual resources from outside the province. [passage omitted]

Chen Guangyi urged all provincial departments to sincerely help eastern Fujian and continue to take action to help impoverished regions become better off as soon as possible.

#### **Jiangsu Secretary at Rural Work Meeting** *OW201102 Nanjing Jiangsu Provincial Service* *in Mandarin 1015 GMT 18 Sep 87*

[Excerpt] The 5-day provincial discussion meeting on rural work convened by the provincial party committee and the provincial government concluded in Nanjing yesterday. Leading cadres including Han Peixin, Sun Han, Chen Huanyou, Zhou Ze, Ling Qihong, and Li Shouzhong attended the meeting.

The meeting worked out plans for this year's autumn sowing and next year's agricultural production, as well as studied strategic measures for deepening agricultural reform and developing the rural economy in the next 8 years. After reviewing the achievements in the rural economic development of the province during the past 8

years, the meeting held that carrying out rural reform to ensure a sustained and steady development of the whole rural economy has a special significance in consolidating and developing the excellent situation. We must uphold the basic guiding principles of deepening reform, acquiring greater vigor, increasing investment, and building up the capacity for sustained development. First of all, we must ensure a steady increase in grain and cotton production, and on this basis, continue to develop the secondary and the tertiary industries and actively develop agriculture capable of earning foreign exchange. [passage omitted]

**Shanghai Leaders on Students' Activities**  
OW201112 Shanghai City Service in Mandarin  
2300 GMT 18 Sep 87

[Report by station reporter Wang Liang and correspondent Zhou Yongyuan]

[Excerpts] A forum was held on the afternoon of 18 September at the Shanghai Exhibition Center to hear reports on college students' social practice activities. Party and government leaders of the municipality, including Rui Xingwen, Jiang Zemin, Wu Bangguo, and Zeng Qinghong, attended the forum. The leaders sat together with the college students and talked cordially and face to face with them. Student representatives from 50 institutions of higher learning in the municipality briefed the municipal leaders and teachers on their experience and gains in taking part in social practice during the summer vacation. [passage omitted]

After hearing the student representatives' briefings, Rui Xingwen, secretary of the municipal party committee; and Mayor Jiang Zemin made important speeches at the forum. Rui Xingwen said: From the students' social practice activities, we have seen the main aspect of contemporary college students and realized that social practice is an indispensable link in training students into useful persons. This plays an important role that cannot be matched by classroom education. He pointed out: As a main aspect of China's education reform, social practice activities must be carried out with a definite aim and in a planned and organized way. All institutions of higher learning are requested to include social practice on their work agenda and grasp it as a major task that cannot be overlooked.

In this speech, Jiang Zemin hoped that all sectors of society would show concern about and give support to this task and assist the education department in designating some places as social practice bases and in providing personnel to guide the students' social practice activities.

At the forum, the municipal CYL Committee and the municipal Bureau of Higher Education presented awards to college students doing well in social practice for the year of 1987. [passage omitted]

**Jiang Zemin, Qian Yongchang Meet Exhibitors**  
OW210857 Shanghai City Service in Mandarin  
2300 GMT 19 Sep 87

[Excerpts] Photos, models, and video recordings of facilities of world-famous harbors such as Rotterdam, Antwerp, Hamburg, San Francisco, New York, and Japan's four major harbors were put on display in the Shanghai Exhibition Center Yesterday. [passage omitted]

Shanghai Mayor Jiang Zemin and Minister of Communications Qian Yongchang met with foreign participants in the exhibition.

**Zhejiang's Xue Ju at PLA Training Meeting**  
OW190520 Hangzhou Zhejiang Provincial Service  
in Mandarin 1000 GMT 18 Sep 87

[Text] The on-the-spot meeting on PLA tactical training opened at a certain unit stationed in Zhejiang yesterday morning.

Han Huaizhi, deputy chief of the PLA General Staff; Wang Chengbin, deputy commander of the Nanjing Military Region; and Xue Ju, secretary of the provincial party committee and provincial governor, attended the opening ceremony and spoke at the meeting.

Starting today, the participants will see a unit demonstration of tactical training, conduct spot tests on relevant subjects, and exchange experiences on army tactical training.

**Typhoon Kills More Than 60 in Zhejiang**  
OW201215 Hangzhou Zhejiang Provincial Service  
in Mandarin 1000 GMT 19 Sep 87

[Text] This year's typhoon No 12 caused heavy rains throughout Zhejiang Province from 8 to 12 September. It is estimated that direct economic losses exceeded 500 million yuan. Thirty-six counties, cities, and districts in the province had rainfall exceeding 200 millimeters.

Wenzhou, Sanmen, (Xinxian), (Yuren), (Cangnan), Linxi, Huangyan, (Xiuling), Linhai, Kuocangshan, and Wenling experienced more than 400 millimeters of rains. According to statistics, some 7 million mu of farmland were inundated, more than 60 persons were killed, and some 16,000 houses were destroyed in the province. In addition, many sections of river dikes and seawalls, dams and reservoirs, sluice gates and bridges were damaged to varying extent.

At present, cadres and people in the disaster areas are combating the disaster and striving to restore production and rebuild their homes.

**Seven Dead in Zhejiang Ferry Accident**  
OW191640 Beijing XINHUA in English 1622 GMT  
19 SEP 87

[Text] Ningbo, September 19 (XINHUA)—Rescuers have reported seven dead and some missing in a ferry accident which occurred at 5:00 p.m., September 16 in the Beilun District of east China's Zhejiang Province.



The ferry was making a run from Shangyang to Meishan when the vessel sank just two meters away from the port.

As of noon today, 31 survivors had been rescued from the ferry which was estimated to be carrying 50 passengers.

After hearing about the accident, the commander of China's East Sea Naval Fleet, Communist Party Committee leaders and city government officials rushed to the scene to organize rescue work.

The cause of the accident is still under investigation.

**Hangzhou Exhibition on Foreign Instruments**  
*OW191810 Beijing XINHUA in English 1534 GMT 19 Sep 87*

[Text] Hangzhou, September 19 (XINHUA)—Companies from the United States, Japan and other Western countries are displaying 200 hi-tech instruments at an ongoing exhibition.

An isotopic analyzer, manufactured by Canberra Packard International S.A. of the United States, is said to be the world's most sensitive micro-detector.

The Shanghai Espec Environmental Equipment Corporation, a Sino-Japanese joint venture, has sent several new products to be displayed at the exhibition including temperature- and humidity-controlled enclosures, which are essential for the ageing and liability tests of electronic components.

Trade talks and technological exchange will be arranged during the exhibition, which is co-sponsored by east China's Zhejiang Province and two Hong Kong companies and will close on September 24.

**Central-South Region**

**Guangdong Circular on Taiwan Compatriots**  
*HK190710 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 17 Sep 87*

[Text] The provincial people's government today issued a circular that calls on all parts of the province to earnestly carry out the work of receiving Taiwan compatriots who come to the mainland on sightseeing trips or to visit their relatives and friends.

The Taiwan authorities recently announced that they will lift the restrictions on Taiwan compatriots traveling to the mainland through Hong Kong and Macao on sightseeing trips and to visit their relatives and friends. As the south gate of the motherland, our province is the main entry and exit way for the Taiwan compatriots. The provincial government demands that the departments concerned properly carry out the following:

1. People's governments at all levels must strengthen their leadership over this work and educate and mobilize the people throughout the province to warmly welcome

and receive persons from all circles of Taiwan and Taiwan compatriots who come to the mainland to visit their relatives and friends, to look for their roots and pay homage to their ancestors, to reunite with their families, to go sightseeing, to hold business talks, and to exchange scientific and cultural experiences. They must provide the Taiwan compatriots with as many conveniences as possible and ensure that the Taiwan compatriots may enter and leave the mainland freely.

2. All scenic spots, historical sites, and places of interest in the province are open to Taiwan compatriots. Taiwan compatriots may go wherever domestic residents are allowed to go.

3. Fine travel services should be provided to the Taiwan compatriots. If possible, travel agencies may set up special organs to receive Taiwan compatriots.

4. Preferential policies should be adopted toward the Taiwan compatriots with regard to hotel charges.

5. All localities should adopt effective measures to seriously help the Taiwan compatriots solve the transportation problem. Inspection offices at all ports must simplify inspection procedures and raise efficiency, so as to facilitate the entry and exit of the Taiwan compatriots.

6. If Taiwan compatriots who wish to meet their relatives in Hong Kong and Macao choose to join a tour to Hong Kong and Macao, they may register with the Guangdong (Hong Kong) Travel Company or the Guangdong (Macao) Travel Company. The departments concerned should give priority to handling their exit procedures.

**Governor Welcomes Visits**

*HK190742 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0437 GMT 18 Sep 87*

[Report: "Guangdong Province Welcomes the People From All Walks of Life in Taiwan To Come and Visit Their Relatives or Go Sightseeing"]

[Text] Guangzhou, 18 Sep (ZHONGGUO XINWEN SHE)—On behalf of the provincial government, Guangdong Governor Yang Li yesterday welcomed Taiwan's recent decision to relax restrictions on Taiwan compatriots going to Hong Kong and Macao on sightseeing trips and to discuss the question of allowing them to return to the mainland to visit relatives. He said: As a major entryway for the Taiwan compatriots to enter and leave the country, Guangdong Province will cordially entertain Taiwan compatriots who visit relatives or go sightseeing.

Yang Li indicated: The relevant departments of the Guangdong Provincial Government will conscientiously do a good job of entertaining and serving the Taiwan compatriots, make things convenient for them, and guarantee their freedom to come and go.

The vice governor said that all scenic spots and places of historic interest and scenic beauty in the province are open to the Taiwan compatriots. They can go wherever



mainland residents can go. Guangdong is ready to provide them with good-quality tourist services.

It has been learned that all travel bureaus in the province will choose good-quality personnel to take charge of the work of serving the Taiwan compatriots and accompany them on visits. Travel bureaus with the necessary conditions will set up special reception bodies to provide them with various services, such as going through the formalities of obtaining exit and entry visas, booking various types of hotel rooms on the mainland, purchasing train, bus, steamer, or plane tickets, and helping them to get in touch with or look for relatives and friends, make arrangements for family reunions, tours, and sightseeing.

Many hotels, such as the Guangdong Liuhua Hotel, the Dongfang Hotel, the Guangzhou Hotel, the Renmin Mansion, the Guangdong Hotel, the Xinya Hotel, the Xinhua Hotel, the Huaqiao Mansion, the Huaqiao Hotel, the Guangdong Guesthouse, and the Guangdong Mansion, have been instructed to give preferential treatment to Taiwan compatriots staying in the hotels, offering them a discount of from 10 to 30 percent.

Yang Li said: The Taiwan compatriots who want transit the Guangzhou area may have priority in purchasing train, bus, steamer, or plane tickets by presenting the relevant identity certificates or letters of introduction issued by the tourist reception units. The provincial government has requested the port joint-inspection department to simplify procedures, raise efficiency, and make things easy for the Taiwan compatriots to enter and leave the country.

He said: The Taiwan compatriots who want to meet relatives in Hong Kong and Macao may register with the Guangdong (Hong Kong) Tours Company, Limited (address: 6th and 7th floors, Guangdong Tours Building, 9-15 Yee Wo Street, Causeway Bay, Hong Kong; Telephone: 5-8393433); and the Guangdong (Macao) Tours Company, Limited (address: 1st floor, Namyuet Commercial Center, 37A Namwan Street, Macao; Telephone: 78446), and the provincial tour and services company and other relevant departments will give their relatives priority in the handling of their exit visas.

**Guangdong Seen As 2d Nuclear Plant Site**  
*HK210503 Hong Kong HONGKONG STANDARD*  
*in English 21 Sep 87 p 1*

[By Andy Ho and Chan Wai-fong]

[Text] China is planning to build another nuclear power station in Guangdong.

The Chinese authorities have yet to identify a site for the plant but a high-ranking official said it would not be as close to Hong Kong as the controversial Daya Bay installation.

The second Guangdong plant will be one of seven new nuclear power stations in China's ambitious civilian nuclear programme covering the next 30 years.

The head of the Scientific and Technical Information Institute of the Ministry of Water Resources and Electric Power, Mr Liu Chun-sheng, said the development of nuclear plants along the Chinese coast was "imperative".

He told the *Standard* during a recent visit that the new nuclear projects would be on a joint venture basis, like the Daya Bay scheme.

So far neither the China Light and Power Company nor the Hong Kong Electric Company has been approached to join the feasibility study for the project.

China Light, which took part in the Daya Bay feasibility study, now holds a 25 percent stake in the \$28.8 billion joint venture with China.

Also in the pipeline are 17 pumped water storage power stations with a combined output of 12,500 megawatts.

These stations will maximise the nuclear plants' electricity output at off-peak hours.

Mr Liu said the new plants would be equipped mainly with 900 to 1,200 megawatt reactors, as most of the plants' key components would have to be imported.

These types of reactors were the most commonly used in Japan, Europe and the United States.

Sites in southern Jiangsu province and the western coast of the Bohai Bay at Jinjin, Liaoning Province, have been chosen.

The other five will be built in the coastal provinces of Fujian and Shandong and the inland provinces of Hunan and Jiangxi.

China has been preparing the sites for several years, but shelved construction plans about three years ago because of a policy to reduce foreign exchange expenditure.

Mr Liu said the situation had now improved and China would have the necessary foreign reserves to go ahead with the programme.

"Nuclear energy is not a priority on China's agenda for energy development," he said.

"But due to problems in long distance coal transport, nuclear power is much needed for the coastal areas."

More flexible measures, such as tax concessions, had been introduced to raise capital for the expensive nuclear programmes.

**Guangzhou Executes Thief From Hong Kong**  
*OW191018 Beijing XINHUA in English 0846 GMT*  
*19 Sep 87*

[Text] Guangzhou, September 19 (XINHUA)—An automobile thief from Hong Kong was executed here today, according to an announcement of the Intermediate People's Court of Guangzhou City.

Huang Baoxiang and another criminal from Hong Kong stole 18 minibuses and cars in Shenzhen and Guangzhou from February to March this year and got 1.84 million yuan by illegally selling them.

**Hunan Public Order Situation Highly Complex**  
*HK190411 Changsha Hunan Provincial Service*  
*in Mandarin 0100 GMT 19 Sep 87*

[Excerpts] The 27th Meeting of the 6th Hunan Provincial People's Congress Standing Committee held its second full session yesterday morning. Vice Chairman Kong Anmin presided. [passage omitted]

(Zhou Dongyang), director of the provincial Public Security Department, delivered a report on the current state of public order in the province and gave opinions on work. He said that generally speaking, the state of public order in Hunan is basically stable. The incidence of crime has dropped somewhat compared with the same period last year. However, we must also realize that, since China is in the initial stage of socialism, the class struggle still exists to a certain extent, and there are also certain negative phenomena and factors for instability in current social life. The current state of public order remains highly complex. We must keep clear heads regarding this, continue to crack down hard on elements who commit serious crimes, further organize a struggle with specific targets, get a good grasp of dealing with such targets, strengthen intelligence and information work, and continue to keep a handle on the various trends. We must vigorously step up the building of the public security contingent and deal with public order problems in a comprehensive way, so as to create a still more stable social environment for deepening the reforms and promoting the smooth progress of the four modernizations. [passage omitted]

**Northeast Region**

**Heilongjiang's Sun Weiben Votes Elections**  
*SK210302 Harbin Heilongjiang Provincial Service*  
*in Mandarin 1000 GMT 20 Sep 87*

[Text] Today, the citizens of Harbin City directly elected people's deputies. More than 2 million citizens in Harbin City exercised their elective authority to vote for the people's deputies.

As citizens of Harbin City, some provincial party and government leading comrades who are in Harbin also attended the election. Sun Weiben, secretary of the provincial party committee; Li Jianbai, chairman of the Standing Committee of the provincial People's Congress; and Wang Zhao, chairman of the provincial CPPCC Committee, cast votes at the Nangang District polling booth. Also attending the election were some leading comrades, including Chen Yunlin, Liu Chengguo, Zhou Wenhua, Bai Jingfu, Zhang Xiangling, Wang Fei, Chen Yuanzhi, Wei Zhimi, Wang Jun, He Shoulun, Zhang Ruoqian, Bao Zong, Tang Liandi, Wang Weizhi, and Ma Xinquan; and retired cadre Wang Yilun.

When (Li Yongshun) and (Zhao Baojun), candidates for people's deputies to Nangang District, went up on the rostrum to meet more than 1,000 voters, leading comrades who attended the election applauded and extended greetings to them.

Provincial Governor Hou Jie and provincial Vice Governors Wang Lianzheng, An Zhendong, and Jing Bowen attended the electoral campaign at the provincial government's polling booth.

**Jilin's Gao Di Meets Yan Jici, Scientists**  
*SK210244 Changchun Jilin Provincial Service*  
*in Mandarin 1030 GMT 20 Sep 87*

[Excerpts] During an inspection tour in our province, Yan Jici, vice chairman of the NPC Standing Committee and noted scientist, stressed that it is necessary to accelerate efforts in improving democracy and legality, give play to the leading role of science and technology, gradually improve and deepen the reforms in various fields, and facilitate the great development of Jilin's economy.

Vice Chairman Yan Jici arrived in Changchun on 13 September. He was accompanied by Comrade Wu Heng, member of the NPC Standing Committee. Gao Di, He Zhukang, and others went to the Nanhu Guesthouse that evening to see Vice Chairman Yan Jici and his party. During his stay in our province, Vice Chairman Yan Jici heard reports by the provincial People's Congress and government on the situation in soliciting opinions on revising the PRC Draft Law on State-owned Industrial Enterprises. Accompanied by Zhao Xiu, chairman, and Huo Mingguang, vice chairman of the provincial People's Congress Standing Committee, he also inspected the Changchun No 1 vehicle plant, the Jilin Chemical Industrial Co., the Fengman power plant, the Changchun Applied Chemistry Institute, and the Changchun Institute of Optical and Precision Machinery.

Vice Chairman Yan Jici expressed satisfaction at our province's work of soliciting opinions on revising the PRC Draft Law on State-owned Industrial Enterprises. He said: You have done meticulous work and have extensively solicited opinions. Jilin Province has provided many experiences in instituting the director responsibility system, from which others can learn. The methods of the Siping City sheet metal plant are particularly inspiring. We should earnestly summarize these experiences and methods so as to provide data for the various economic legislation for state-owned industrial enterprises. Through improving democracy and legality, we should gradually promote and improve the reforms in various fields.

Upon hearing that some enterprises still have confused ideas and specific problems in instituting the director responsibility system, Vice Chairman Yan Jici emphasized: We have already created a good beginning for enforcing the director responsibility system. We should

carry it out persistently. This is not only a requirement in the economic structural reform but an urgent need in the political structural reform, and is where the hope for invigorating enterprises is placed. [passage omitted]

Vice Chairman Yan Jici and his party left Changchun at 1200 today to conduct an inspection tour in Liaoning Province.

**Jilin People's Congress Committee Meeting**  
*SK200836 Changchun Jilin Provincial Service*  
*in Mandarin 1030 GMT 19 Sep 87*

[Text] On the afternoon of 19 September, the 27th meeting of the 6th provincial People's Congress Standing Committee concluded in the Qinghua Guesthouse in Changchun City. Huo Mingguang, vice chairman of the provincial People's Congress Standing Committee, presided over the meeting. Attending the meeting were vice chairmen of the provincial People's Congress Standing Committee, including Liu Cikai, Cheng Shengsan, Cui Lin, Wang Jiren, Yu Ruihuang, Renqinzhamsu, Zhu

Jinghang, and Xu Yuancun; and Standing Committee members—32 persons in all.

The meeting approved provincial regulations on standardizing management and changes in the 1987 provincial budget. At the meeting, participating members approved personnel changes by secret ballot. The meeting named Comrade Yu Weizhi to be director of the provincial department for preliminary investigation and also approved Changchun City's regulations on urban afforestation management, Changchun City's regulations on city appearance and environmental sanitation management, and Jilin City's regulations on environmental protection.

Attending the meeting as observers were Wang Hongmo, president of the provincial Higher People's Court; responsible persons from the standing committees of various city and prefectural people's Congresses and from the Baicheng office of the provincial People's Congress; and responsible persons from concerned provincial-level departments.



**Visiting Taiwan Reporters Meet Compatriots**  
*OW191246 Beijing XINHUA in English 1233 GMT  
19 Sep 87*

[Text] Beijing, September 19 (XINHUA)—Li Yong-teh and Hsu Lu, Taiwan's first reporters to visit the mainland, left Beijing for Guangzhou this morning with a short stop-over planned in Hangzhou.

The two journalists, who are reporters for Taiwan's *Independent Evening Post*, arrived in Beijing early September 15.

While in Hangzhou, the two stayed in the Wanghu Hotel on the bank of West Lake. They toured the lake and the city on foot, and at the hotel Hsu Lu met her aunt and cousin who came from Shanghai to meet her.

On the morning of September 18, Li and Hsu met former Taiwan pilot Wang Xijue, who returned to the mainland on May 3, 1986, and then visited the home of well-known Taiwan compatriot Huang Shunxing, who has just returned to Beijing.

In the afternoon of the same day, they met Fang Lizhi, and in the evening, they chatted with Taiwan compatriots Chen Guying, Lin Liyun, Wu Ketai, Tian Fuda, Zheng Jian, Cai Zimin, Wu Guozhen, Liao Qiuzhong, Lin Chai, Bai Shaofan, Xie Yingying, Xu Zhaolin and Yang Sizhe.

Representatives from the *China News Service* went to the airport this morning to see them off, where Li Yong-teh thanked the *China News Service* for all its help.

**Taiwan Residents Anxious To Visit Mainland**  
*OW210807 Beijing XINHUA Domestic Service  
in Chinese 0922 GMT 20 Sep 87*

[Excerpts] Beijing, 20 Sep (XINHUA)—According to reports in Taiwan and Hong Kong newspapers, since the spread of the news that the Taiwan authorities are contemplating lifting the ban on civilians visiting their relatives on the mainland, many people in Taiwan are anxiously hoping that the authorities will make a decision as soon as possible. [passage omitted]

At present, the issue of lifting the ban by Taiwan authorities on visiting relatives on the mainland is still in the research and planning stage. It is reported that the principles and regulations governing Taiwan people's visits to their relatives on the mainland have been drafted by Taiwan's "Interior Ministry" and have been

submitted to the "5-man ad hoc panel" of the Kuomintang [KMT] Central Standing Committee, which held its first regular meeting on 18 September to discuss issues including the principles of visiting relatives on the mainland. It is also reported that the KMT Central Standing Committee might hold its regular meeting on 23 September to discuss the draft of the principles and concrete regulations on visiting relatives on the mainland. Taiwan's "Judicial Yuan" has also stepped up collection and study of the laws of the mainland so that once the ban is lifted, the laws can be obeyed by local people visiting their relatives on the mainland.

Personalities of various circles in Taiwan have expressed their dissatisfaction over a number of restrictions imposed by the Taiwan authorities in permitting local people's visits to their relatives on the mainland. Wang Zhiwen, professor of the Department of Law of Taiwan's Cultural University, said in his article that under the new relaxed measures, the people who wish to go to the mainland to visit their relatives are still required to do so via a third country. This "prerequisite" gives people the impression of "restricted freedom of movement." [passage omitted]

**Guangdong Promotes Tourism for Taiwanese**  
*OW171930 Beijing XINHUA in English 1525 GMT  
17 Sep 87*

[Text] Guangzhou, September 17 (XINHUA)—Guangdong Province will offer convenient services for visitors from Taiwan, Yang Li, deputy governor of the province, announced here today.

Addressing a special meeting on receiving compatriots from Taiwan who should come to visit relatives or tour the mainland, Yang said all scenic spots and tourist attractions in the province are open to them, adding that they can visit any place open to civilians.

In south China, Guangdong is a main outlet for people to enter the mainland, according to the deputy governor. He asked local governments to make efforts to warmly welcome compatriots from Taiwan.

The deputy governor promised freedom for the compatriots from Taiwan in coming and leaving.

A number of hotels, designated to receive Taiwan compatriots, will give 10 to 30 percent discounts in charges, and procedures will be simplified for the convenience of the compatriots.

## Government Addresses Mainland Visit Issue

### President Hears Report

HK181109 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 1451 GMT 17 Sep 87

[Text] Hong Kong, 17 Sep (ZHONGGUO XINWEN SHE)—According to reports from Taipei, at the meeting of the Standing Committee of the KMT [Kuomintang] Central Committee on 16 September, Chiang Ching-kuo said that in order to comply with the wishes of the people, the Taiwan Government needs to study, in light of the humanitarian spirit, the issue concerning Taiwan residents' visits to their homes and relatives on the mainland. However, he emphasized that the handling of this issue must adhere to these basic premises: "No change in the basic national principle of anticomunism; no change in the goal of recovering the mainland; and no change in the principles for safeguarding national security."

Reportedly, Chiang Ching-kuo made the above statement after he listened to the report by Yu Kuo-hua, President of the "Executive Yuan," concerning the issue of allowing Taiwan residents to visit relatives on the mainland.

Chiang Ching-kuo said: Recently, the public has shown concern about the issue of visit homes and relatives on the mainland. The "Executive Yuan" has studied and formulated some principled measures on the basis of humanitarianism. However, this issue has far-reaching influence and has a great bearing on many major affairs. According to Chiang Ching-kuo's proposal, a five-member special group, composed of Li Teng-hui, Yu Kuo-hua, Ni Wen-ya, Wu Po-hsiung, and He Hsuan-wu was set up to deliberate the principles for allowing people to visit their relatives on the mainland.

### 'More Open Policy'

OW190345 Taipei International Service in English  
0200 GMT 16 Sep 87

[Text] Sources said the ruling Kuomintang would adopt a more open policy vis-a-vis mainland China. In addition to allowing local people to visit their relatives on the mainland, the KMT will also permit a free flow of mainland information, indirect trade between the two sides of the Taiwan Strait, and athletic and academic exchange activities. It is understood the ruling party will invite related government agencies to review this policy shortly. The sources noted: a draft of the new mainland policy has been completed. The government insists on the three no's policy; that is, no contact, no negotiation, and no compromise with the Peking regime, but will tolerate private contracts between people of the ROC [Republic of China] and mainland China.

### Tentative Measures

HK181141 Hong Kong ZHONGGUO XINWEN SHE  
in Chinese 1452 GMT 17 Sep 87

[Text] Hong Kong, 17 Sep (ZHONGGUO XINWEN SHE)—According to reports from Taipei, on 16 September, Taiwan's Ministry of the Interior preliminarily

studied the issue of allowing Taiwan residents to visit their relatives on the mainland, and formulated some tentative measures.

First, all exit procedures for home visits will be formulated according to the results of the study made by the 5-member group.

Second, the National Security Law and the rules for its implementation need not be amended because of the new policy on people's home visits. Article 4, Section 13 of the rules stipulates that people who have entered the mainland will no longer be allowed to leave Taiwan. So, the government may give more flexibility to the implementation of this article and need not amend the law.

Third, if people inform the authorities, before they leave Taiwan, that they will enter the mainland then they will not be treated as stipulated by Section 13 after they return to Taiwan; however, if they do not inform the authorities about their plans to enter the mainland, then after they return to Taiwan, their next overseas journey may be subject to restrictions according to the stipulation.

Fourth, no special files will be set up by the authorities to record people's home-visit tours in order to control people's exits and entrances, and such cases will be treated together with sightseeing tours.

Fifth, some rules of operation will be formulated according to the above-mentioned principles as the foundation for relevant administrative operations.

### Further on Draft Rules

OW190331 Taipei CNA in English 0245 GMT  
19 Sep 87

[Text] Taipei, Sept. 19 (CNA)—The Interior Ministry has completed a draft of regulations governing people here visiting their relatives on the Chinese mainland.

According to the draft, all people of any age, except for military servicemen and government employees, will be allowed to visit their relatives on the mainland.

In addition to requiring people to apply to the Bureau of Entry and Exit for permit to the mainland, the draft also suggests that the Red Cross Society of the Republic of China serve as a go-between to offer would-be visitors necessary assistance, such as locating their relatives on the mainland and applying for exit and entry permits.

The draft has been sent to the five-member ad hoc committee of the Kuomintang Central Standing Committee for deliberation.

It is expected that the ruling party will formally approve the measures for people's visits to mainland relatives at its regular central Standing Committee meeting next Wednesday.

Meanwhile, the KMT ad hoc team, headed by Vice President Lee Teng-hui, held its first meeting Friday. It will soon hold another meeting to screen the draft measures prepared by the Interior Ministry.

### Ad Hoc Group Meets

OW201044 Taipei International Service in English  
0200 GMT 20 Sep 87

[Text] The ruling Kuomintang five-member ad hoc group on mainland visits by ROC citizens for family reunions met for the first time on Friday to discuss related problems.

Convener of the group, Vice President Lee Teng-hui, presided over the meeting. The other members of the group present included Premier Yu Kuo-hua, Legislative Yuan President Ni Wen-ya, Interior Minister Wu Po-hsiung, and Irving Ho, secretary general of the National Assembly. Li Huan, secretary general of the ruling Kuomintang Central Committee, and several other ranking government and Kuomintang officials also took part in the discussion.

The discussion covered five topics in their deliberations. The questions discussed included whether there should be an age limit for those applying for family visits to the mainland, whether an intermediary organization should be recruited for help in arranging the visits, whether restrictions should be imposed on the degree of relationship between ROC visitors and the relatives they plan to see on the mainland, how to deal with the problem of the more than 20,000 former Taiwan residents on the mainland if they seek permission to come here for family reunions, whether the existing restrictions on the entry of some dissident expatriates should be relaxed.

The group will meet again early next week before submitting its recommendation to the party central Standing Committee for final decision.

### Interior Ministry on Visits

OW190423 Taipei International Service in English  
0200 GMT 18 Sep 87

[Text] The Interior Ministry Wednesday decided not to revise the implementation words of the National Security Law to accommodate the means to [word indistinct] from the government's plan to lift the ban on mainland visits. It said: The words will be enforced in a more flexible way. According to the implementation words, those who have secretly visited the mainland may be denied their right of exit for 2 years. However, the Interior Ministry said those who informed the government of the intention to visit the mainland before departure would be exempt from the penalty.

The ministry also decided not to set up a special service counter to handle applications for family reunions on the mainland. It said: Those applications will be processed as those for pleasure trips abroad.

### Journalists Continue Visit to PRC

#### To Cut Short Tour

HK181318 Hong Kong Asia Television Limited  
in English 1200 GMT 18 Sep 87

[Text] The two Taiwanese journalists who are visiting China have decided to cut short their tour. May Chow reports:

The two journalists, Hsu Lu and Lee Yung-teh, from Taiwan *Independent Evening Post*, told reporters in Beijing that they have decided to cancel the trip to Shanghai, Hangzhou, and Fuzhou. Instead, they plan to fly to Guangzhou tomorrow, where they will stay for a couple of days before returning to Taiwan.

Mr Lee said that the pressure of their reporting assignment in China is too great. He said the Taiwanese authorities are increasing pressure on their newspaper, and adds it's impossible to work because of interference by foreign correspondents in Beijing. Mr Lee also says that they may have to return to Taipei via Hong Kong, as Japan does not want them to stop over in Tokyo. But, in a telephone interview, the *Post's* chief editor said the administration has not exerted any pressure on the newspaper, and (he stressed) that the pair can continue their tour of China as planned.

Today, the two reporters interviewed Fang Lizhi, who was expelled from the Communist Party in January because of last year's student demonstrations in China. They also met a former Taiwanese pilot, Wang Xijue, who defected to China in May last year. Meanwhile, the overseas edition of the Chinese official newspaper, the *People's Daily*, published a front-page story on the two reporters, and a weekly magazine said Taipei is under tremendous pressure to relax restrictions on travel to china.

### 'Political Pressure'

HK190406 Hong Kong HONGKONG STANDARD  
in English 19 Sep 87 p 1

[By Yau Shing-mu]

[Text] Beijing—Two Taiwan journalists were forced to cut short their break-through visit to China yesterday under political pressure from home.

They are due in Hong Kong on Wednesday, a week ahead of schedule.

The pair—Mr Lee Yung-teh and Ms Hsu Lu of the *Independent Evening Post*—decided to leave despite instructions from their editor to carry on with their itinerary.

The editor, Mr Chen Kuo-hsiang, denied that there was any pressure. But Mr Lee and Ms Hsu began packing earlier in the day after telling the *Standard* about "political pressure" back home.

They made no mention of the ruling Kuomintang [KMT]. Mr Lee, who was visibly moved, merely said: "I can only say that I'm heartbroken because we cannot go through with our assignment."

"I have been hurled into the political whirlpool. I've tried to avoid the limelight. It's been very upsetting."

But informed sources said the *Evening Post* had come under heavy pressure from two key officials of the Kuomintang.



They were identified as the chairman of the government-owned *Central News Agency*, Mr Tsao Sheng-fen, and the chairman of the *United Daily News* the second largest circulation newspaper, Mr Wang Ti-wu.

Whether this opposition was ideologically motivated or stemmed from purely business rivalry is uncertain.

Both men are members of the KMT Central Standing Committee, the party's top policy-making body.

The journalists are expected to leave today for Hangzhou and Guangzhou, cutting out planned trips to Shanghai and Fujian Province.

Mr Lee said they probably could stay but it would mean creating more trouble for the China Travel Service since they had asked for an immediate flight out of the country earlier in the day.

The two, whose visit to China is unprecedented and in open defiance of a government edict, were not due to leave for home till September 29.

The sources also said the two KMT officials were pressuring the Japanese Government to deny re-entry permits to the two journalists.

But the two newsmen are under other pressures. Mr Lee said they were not getting very far in their interviews with Taiwanese who had resettled on the mainland.

"They are not frank enough: not open with their views about life in China," he explained.

Ms Hsu told the *Standard* they found other with no previous connections with Taiwan more willing to talk about conditions in the country.

#### Interview Fang Lizhi

HK190412 Hong Kong HONGKONG STANDARD  
in English 19 Sep 87 p 8

[By Yau Shingmu]

[Text] Beijing—China's most prominent dissident, Professor Fang Lizhi, yesterday provided the highpoint of the visit here by two Taiwan journalists.

The newsmen—Mr Lee Yung-teh and Ms Hsu Lu of the *Independent Evening Post*—met with the physicist for almost three hours at his quarters in the China Academy of Sciences in the north-western suburb of Beijing, near the Beijing University.

Mr Lee later said: "It's been a most delightful meeting. We've not have such an open discussion with anyone as this.

"We've filled two cassettes and we shall be transcribing and publishing them in full when we return to Taiwan."

Though Prof Fang imposed a "no-politics" condition before agreeing to the interview, their discussions covered several issues—ending with the waiver of that condition.

"After our discussions I can say that there's hope... and I'm very optimistic about the future. Prof Fang has a strong sense of social responsibility, advocates democracy, and is what an intellectual should be.

"A democracy has very many voices. That's not what we've found. Until we met with Prof Fang it seemed as if everyone approved of everything that the government did.

"And everybody seems ready to forgive the government if something goes wrong. But, surely, in a democracy someone should be held responsible? Shouldn't someone at least resign?

"Prof Fang is very different. He is very frank. That's why our meeting was so fruitful," Mr Lee said.

The journalist also said that the widely vilified scientist, often referred to as "China's Sakharov" after the prominent Russian dissident, denied giving a Taiwan publisher permission to produce a collection of his essays and speeches.

Prof Fang emphasised that he was under no pressure to make a denial; it simply wasn't true. Besides, he had given his texts to various people around the world and it was not likely that anyone could collect them all and make a book.

Prof Fang added that a Hong Kong publisher had done something similar, but had not claimed to have had his permission.

The Taiwan publication had been a key reason why the two journalists wanted to speak to Prof Fang. The other reason was that he is the most prominent victim of the anti-bourgeois liberalisation campaign.

It was Prof Fang's first private interview endorsed by the authorities since January.

Prof Fang's wife, Li Shuxian, and a prominent mainland writer were present at the meeting.

#### AFP Reports Meeting

HK200931 Hong Kong AFP in English 0917 GMT  
20 Sep 87

[By Pierre-Antoine Donnet]

[Text] Beijing, Sept 20 (AFP)—China needs more people like outspoken scientist Fang Lizhi to help advance reforms and democracy on the mainland, a visiting Taiwan journalist has said.

"He dares to speak out. I have not met such an individual elsewhere" in China, said Hsu Lu in a telephone interview after meeting Friday with Fang Lizhi, an astrophysicist expelled from the Chinese Communist Party in January on the orders of senior leader Deng Xiaoping.

Miss Hsu, 30, and fellow journalist Lee Yung-teh, 33, of the privately-owned Taiwan *Independent Evening Post*, arrived in Beijing Tuesday, the first journalists from Taiwan in 38 years to publicly defy a Taipei ban on visiting the mainland.

They are now staying in the southern province of Guangzhou near Hong Kong.

"China should have more men like Fang Lizhi, because the reforms and democracy need him. I hope there will be more Fang Lizhis," Miss Hsu said, adding that "of course it would be a good thing" if the scientist could one day go to Taiwan.

Mr. Fang is a staunch advocate of the democratisation of China and one of the most outspoken critics of the current government.

He has frequently said publicly that the modernisation sought by Mr. Deng through economic reforms launched in 1979 was impossible without democracy, and was accused by conservatives within the Communist Party of encouraging a wave of student protests for more freedom and democracy late last year.

Stressing that the meeting with Mr. Fang took place at his home and that there were no Chinese officials present, Miss Hsu said her own ideas were "very close" to those of the scientist.

China has taken advantage of the visit by the two Taiwan journalists to step up its pressure on the rival government in Taipei, saying that Taiwan's decision to lift a ban on travel to China in the near future was an "emergency measure" brought about by "enormous popular pressure."

During their stay in Beijing, which they left Saturday, the two journalists met several Taiwan nationals who had defected to China, including Wang Xijue, a pilot with Taiwan's China Airlines who landed his Boeing 747 cargo plane in Guangzhou on May 3, 1986.

Miss Hsu said none of them had said they regretted coming to Beijing, but added that she felt that some of them "were rather uncomfortable" and "have something deep in their heart that they did not express."

Taiwan's ruling Kuomintang (KMT) consider defectors to mainland China as traitors.

Mr. Wang's defection gave Beijing a major diplomatic victory over Taipei, as it saw the first direct talks between the two regimes since 1949 when negotiations were held in Hong Kong for the release of the aircraft and the return to Taiwan of the co-pilot, observers said.

Beijing has repeatedly called on Taipei to start negotiations for a reunification with China, beginning with total liberalisation of trade exchanges as well as air and sea links between the two states.

But the Kuomintang regime has refused, and has stressed that a current political liberalisation and such matters as the planned relaxation of the ban on direct travel to China will not alter its policy of no contact, no negotiation, and no compromise with Beijing.

The Chinese media initially reported nothing of the visit here by the two Taipei journalists, but broke their silence Friday.

Chinese television Saturday showed them leaving Beijing for the south. All Chinese newspapers on Sunday reported that they had met with people who came here from Taiwan and with Mr. Fang, but made no comments.

Miss Hsu and Mr. Lee intend to return to Taiwan via Hong Kong in a week's time, after a visit to Fujian Province.

#### Visit Guangzhou

OW200721 Tokyo KYODO in English 0706 GMT  
20 Sep 87

[Text] Hong Kong, Sept. 20 KYODO—Two Taiwanese reporters who have been gathering news material on mainland China since Tuesday in defiance of the Taipei government's ban on travel there, will next visit Xiamen, a city with strong trade ties to Taiwan, newspapers here said Sunday.

Lee Yung-teh, 33, and Hsu Lu, 30, both of Taiwan's *Independent Evening News*, arrived in Guangzhou Saturday evening via Beijing and Hangzhou and are due next to visit Xiamen in Fujian Province, located directly opposite Taiwan across the Strait of Taiwan.

Xiamen is a base for trade dealings between Taiwanese and mainland Chinese fishermen. Many Chinese who fled to Taiwan following the communist takeover of the mainland in 1949 also come from the province.

Meanwhile, Hsu met her relatives at a hotel in Hangzhou for the first time Saturday, and later said she was deeply moved by the reunion.

#### See Lack of Equality

OW191337 Taipei International Service in English  
0200 GMT 19 Sep 87

[Text] An ROC [Republic of China] reporter visiting mainland China Thursday criticized the Peking regime for lack of freedom of speech and its non-egalitarian society. This is the impression of Lee Yung-teh, one of the two *Independent Evening Post* reporters from talking with a number of former Taiwan residents now living on the mainland. He said it seemed that they were not completely free to express themselves.

The reporter said: "Freedom of speech, I felt, was not very abundant." Lee said the many Chinese media are propaganda tools and not for disseminating news. Lee

said one of the most important things about mainland China was a disparity between what has been achieved technologically and the lives of the general public. He said mainland China has the most capitalistic, technologically advanced facilities at the Holiday Inn Health Club. When you walk outside such a facility, you find that the entire landscape and people's lives are a whole different world.

The reporter noted: This world by comparison is very backward. "In comparison with Taiwan, it is 20 to 30 years behind."

**Journalist on Marxism-Leninism in PRC**  
HK170934 Hong Kong AFP in English 0902 GMT  
17 Sep 87

[By Pierre-Antoine Donnet]

[Excerpt] Beijing Sept 17 (AFP)—Communist China's leaders have abandoned the spirit of Marxism-Leninism even though they continue to expound its supposed benefits, a visiting journalist from Taiwan said here Thursday.

Lee Yung-teh told *Agence France-Presse* that China's leaders continued to push the party line either to "save face" or to avoid political turmoil.

Mr. Lee, 33, and Hsu Lu, 30, of Taiwan's *Independent Evening Post*, are the first Taiwan reporters to make a public visit to China in nearly 40 years.

They have made the trip in open defiance of Taipei's nationalist government which bans all visits by its citizens to the mainland.

Mr. Lee, a graduate in political science from a Taiwan university, said China was not yet ready for democracy but it was only a matter of time before its leaders turned away from communism.

Referring to younger men expected to assume key party and government posts at October's party congress, he said: "In the bottom of their hearts, they do not believe in Marxism-Leninism any more, but they cannot say that in public."

Mr. Lee, in charge of the *Independent Evening Post's* political desk, said he thought China had a long way to go before it became a democracy.

"Marxism-Leninism has poisoned the minds of the people but democratization will come here one day with improved standards of living," he said.

The emergence of political parties in Taiwan this year and the lifting of martial law in July mark the beginning of the democratization process in Taiwan and present a big challenge for the communists in Beijing, analysts say.

While China may face growing contradictions between its present economic reforms and communism, Marxism-Leninism and Mao Zedong thought remain the foundations of the official ideology, they add.

Taipei has rejected proposals by Beijing that the rival regimes negotiate the unification of mainland China and Taiwan, separated when the communists came to power in 1949.

The announcement of the visit to the mainland by the two Taiwan journalists delighted the communist authorities here who were able to say that letting them in was a sign of China's policy of opening up to Taiwan.

But whether out of prudence or embarrassment, the Chinese press has mentioned nothing of the visit since they arrived Tuesday. [passage omitted]

**PRC Official Press Breaks Silence**  
HK181050 Hong Kong AFP in English 1021 GMT  
18 Sep 87

[Text] Beijing, Sept 18 (AFP)—China's official press Friday broke its silence on an unprecedented visit here by two Taiwan reporters, while a weekly magazine said Taipei is under "tremendous" pressure to relax restrictions on travel to the mainland.

Without comment, national daily newspapers said Lee Yung-teh and Hsu Lu from the *Independent Evening Post* had devoted the first days of their assignment to visits, interviews and meetings with former Taiwan residents.

It added that they had met a former Taiwan air force pilot, Li Dawei, who defected to the mainland four years ago and has been branded a traitor by Taipei, and Zhang Chunnan, a former Taiwan opposition legislator.

Mr. Lee, 33, and Mrs. Hsu, 30, are the first Taiwan residents to openly defy a ban on travel by Taiwan residents to the mainland, imposed in 1949 after communist troops forced the Kuomintang regime to take refuge on the island.

In Taipei, the *Evening Post* said the pair were shunning Western reporters who have been covering their visit since their arrival Tuesday, saying correspondents were upsetting their schedule and work.

The *Beijing Review* magazine, in its issue due out Monday, said changes in Taipei's policy towards contact with the mainland were "emergency measures" stemming from "tremendous popular pressure."

"They do not mean that the Taiwan authorities have changed their basic attitude towards the mainland or abandoned their 'Three No's' policy of no negotiation, no contact and no compromise," the English-language magazine said in excerpts reported by the *New China News Agency* (NCNA).

"Rather, they are tactical, emergency measures, taken under tremendous popular pressure, to cope with the present internal and external situation."

In recent weeks Taiwan—which has consistently refused to discuss reunification with Beijing—has decided to allow non-partisan publications and tapes to enter from the mainland, along with hard-to-get Chinese medicines.



It has also allowed Taiwan residents to make Hong Kong a pleasure travel destination, from where they can discreetly—though still illegally—enter the mainland.

And on Wednesday President Chiang Ching-Kuo announced an ad hoc committee to study new travel rules proposed by the Nationalist government that could see Taiwan residents visiting mainland relations.

Analysts in Beijing said China is using the reporters' trip to exert discreet pressure on Taiwan and demonstrating that it welcomes tourists from the prospering island.

On Thursday NCNA said Taiwan visitors to Guangdong, the southern province bordering Hong Kong and Macao, could get discounts of up to 30 percent at hotels.

It also said Taiwan writers were welcome to contact publishing houses in China and that they would be granted the same rights as their mainland counterparts.

Works accepted by the publishers would not be changed without express permission from the authors, NCNA added.

Another official news agency, *China News Service*, reported that Taiwan tourists were welcome to open foreign currency accounts at any mainland branch of the Bank of China.

Analysts said the Communist Party is quietly hoping to woo Taiwan visitors with its modernization program and present a more reassuring picture of China that that presented on the staunchly anti-communist island.

**Direct Trade With PRC Said 'Dangerous'**  
*OW190751 Taipei International Service in English*  
0200 GMT 17 Sep 87

[Text] Director General of the Board of Foreign Trade Vincent Shaw said Tuesday the government will not change its position of not engaging in direct trading with mainland China in the foreseeable future. Local press reports have said domestic investors have shown high expectations of expanding trade with the Chinese mainland since the government is likely to loose its restrictions in this field. In fact, some businessmen have

already secretly traded with the mainland directly. The trade official warned: This act is dangerous because the economic systems on the two sides of the Taiwan Strait are vastly different. Furthermore, the Chinese Communists do not follow the general international trade [word indistinct]. He said: It is very likely the local traders might lose money from the direct trade with the Chinese mainland.

**Mainland Patrol Boat 'Robs' Fishing Boats**  
*OW210329 Taipei CNA in English 0250 GMT*  
21 Sep 87

[Text] Kinmen, Sept. 21 (CNA)—A Chinese communist patrol boat robbed two Kinmen-registered fishing boats last Saturday morning off Wuchiu Islet, north of Kinmen, by taking away 500 kilograms of fish and over NT Dollar 1,700 (about U.S. dollar 56.48) in cash and detaining 1 fisherman for 2 hours, who was released later.

The communist patrol boat stopped the 49-ton Kinmen fishing boat, *Kinhungli*, at 10:30 a.m. last Saturday, about 9 nautical miles east of Wuchiu, and robbed the boat of 300 kilograms of its fish catch and over NT dollar 1,000 in cash.

Later, at 11 nautical miles east of Lienchiu Islet, it robbed another Kinmen fishing boat, *Kinichi*, which had been robbed by a Chinese communist boat 3 days ago, taking away 200 kilograms of its fish catch and over NT dollar 700 in cash.

**Pilotless Planes Sales to Iran Denied**  
*OW190437 Taipei International Service in English*  
0200 GMT 19 Sep 87

[Text] A military spokesman Friday morning termed as pure fabrication a report that the ROC [Republic of China] sold Iran pilotless planes to be used to attack Western ships in the Persian Gulf and the Gulf of Oman. The report quoted an informed arms dealer and Iran Government documents obtained by sources in Europe as saying that pilotless planes are among arms recently purchased by Tehran.

## Hong Kong

**Groups Continue Vietnamese Refugee Talks**  
*HK200834 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 20 Sep 87 pp 1, 2*

[By Sa Ni Harte and Bernard Fong]

[Text] The British and Hong Kong Governments yesterday remained at odds over how Vietnam has been approached to help stop the flood of refugees into the territory and to take back those already here.

The differences emerged in remarks by the Minister of State at the Foreign and Commonwealth Office with Special Responsibility for Hong Kong, Lord Glenarthur, during a news conference winding up his visit to Hong Kong.

He said Britain had been negotiating with Hanoi over the Vietnamese refugee question for a "long, long time".

This is in conflict with statements by the Foreign Office in London and two Hong Kong Government officials that no official contact had been made with Hanoi on the issue.

"I can't give you an absolute date. But the important thing is that we have in fact maintained contact and have done for years," the recently-appointed minister said.

He said Britain had not misled the Hong Kong public on the refugee question, despite the confusion over whether his Government had negotiated with Hanoi for the repatriation of all or some of the 9,000 refugees housed in local camps.

"You're not being deliberately kept in the dark." "I can't provide a specific date because we've been maintaining contact with the Vietnamese authorities on a whole range of issues for a number of years," he said.

"And we've been discussing, as I said, for some time with other countries and with the UNHCR a long-term solution to this problem.

"We've intensified our contact with the Vietnamese authorities on the issue of the refugees and by doing so we've directly sought their views on the whole issue, including the question of repatriation."

But these negotiations were denied by a Foreign Office staff member contacted by a *South China Morning Post* reporter early in the afternoon, London-time, of September 8 and not, as Lord Glenarthur said, "in the middle of the night and quite accidentally".

The Foreign Office staff member had said that no talks had been held with Hanoi on the refugee question and there was "no possibility of such discussions taking place in the near future".

On March 30 the Hong Kong Secretary for Security, Mr David Jeaffreson, said Hong Kong had contacted the British Government more than two years ago and asked

it to begin discussions with Vietnam on the feasibility of repatriation.

He said in a government press release: "During the past two years, the United Kingdom Government had not thought it appropriate to raise this matter with the Vietnamese."

At the same time Mr Jeaffreson's Principal Assistant Secretary, Operations and Refugees, Mr Ken Woodhouse, said: "Since then (two years ago) we have approached the British Government on this issue at least every six months."

He said that Hanoi had not been officially informed of the Hong Kong policy.

It was revealed last week that the British ambassador to Hanoi had been holding discussions with the Vietnamese Government over the refugee issue "since early last year".

On Wednesday the ambassador, Mr Emrys Davies, arrived in Hong Kong for talks with the Governor, Sir David Wilson, and Lord Glenarthur.

On his arrival Mr Davies said that the British approaches to the Vietnamese Government had produced "pretty negative results".

And yesterday Lord Glenarthur insisted that talks had been going on for some time.

"... It is certainly not months, it is much more than that," he said.

Lord Glenarthur said that continuing negotiations would not necessarily solve the problem because of Vietnam's attitude to the issue.

"I have to say that I don't hold out much hope at the moment that it will necessarily be successful but we've got to continue through any channel we can to apply what you termed 'pressure', and encouragement to the Vietnamese to try and solve the difficult issue which these Vietnamese refugees provide for you," he said.

Lord Glenarthur said that he had instructed Mr Davies to make a further approach to Vietnamese authorities in an attempt to solve the problem.

Vietnam would not accept its refugee citizens back en masse, though it would consider requests for return on a case-by-case basis, Lord Glenarthur said.

Lord Glenarthur said Britain had been working "in close concert" with the United Nations High Commission for Refugees (UNHCR) and with other resettlement countries to find a lasting and permanent solution to the problem.

"But I have to say that there has so far been no sign of Vietnamese willingness to take people back except on a case-by-case basis," he said.

In his opening address to the press conference, Lord Glenarthur said the British National Overseas [BNO] passport, which was a direct product of the British Nationality Act, had not been rejected by any Government and that, except for a few "teething troubles", had been used without discrimination since its issuance on July 1.

"Where these (snags to the BNO passport) have occurred, the British Government have acted promptly and effectively to overcome them," he said, "and we will continue to do so if any new problems should arise."

**UK To Exclude Hong Kong**  
*HK200934 Hong Kong SUNDAY STANDARD*  
*in English 20 Sep 87 p 1*

[By Agnes Lam]

[Text] The British Government has refused to allow Hong Kong to contact neighbouring countries to seek ways to solve the long-standing Vietnamese refugee problem. Instead Britain will intensify its negotiations with Vietnam to seek a solution, assured Lord Glenarthur, the Ministry of State at the Foreign and Commonwealth Office with special responsibility for Hong Kong. He was speaking yesterday at a press conference at the end of his four-day visit to the territory.

He said: "Hong Kong is a dependent territory of the United Kingdom and through that the responsibility for the conduct of foreign affairs is done through the United Kingdom."

Lord Glenarthur had been pressed by disgruntled Legco [Legislative Council] members, who are monitoring the Vietnamese refugee issue, to allow Hong Kong to lobby other first asylum countries for an international conference to redefine the term "refugee".

"I am not sure that the conference is necessarily likely to attract wide international support. And it seems to me if the conference is to be successful, that is what it has got to achieve," said Lord Glenarthur.

"I think really that the way forward here lies through our contacts with UNHCR (United Nations High Commission for Refugees) and the main resettlement countries, and those two routes offer the best hope of finding a long term solution.

Lord Glenarthur did not give any indication that Britain would increase the resettlement quota for refugees staying in Hong Kong.

When answering a question from a reporter who quoted that Australia and Canada have taken 180,000 Vietnamese refugees from Hong Kong while Britain has only received 13,000 over the last 12 years, Lord Glenarthur said: "The numbers we have taken, I think, are not really quite as bad as you paint. We do have a major immigration issue ourselves to contend with."

Saying he was acutely aware of the problems which Hong Kong faces over the continuing influx of boat people, Lord Glenarthur said he would instruct the British Ambassador to Hanoi "to make a further approach to the Vietnamese Government".

"The way that we are going to sort it out in the end is by persuading the Vietnamese that they are not doing any good for their people if they continue to put them in such a position that they leave Vietnam in the first place and come to Hong Kong or anywhere else," said Lord Glenarthur.

He said Britain has intensified contacts with Vietnam on the issue in recent months to explore the possibility of repatriating refugees from Hong Kong on acceptable conditions.

"But I have to say that there has, so far, been no sign of Vietnamese willingness to take people back except on a case by case basis."

Lord Glenarthur rejected allegations that the British Government tried to keep Legco members in the dark about the talks.

Though he could not give an exact date when the talks were started, he stressed there has been diplomatic contact between the two governments for years.

Earlier yesterday, Lord Glenarthur visited two Vietnamese refugee camps.

After visiting Kai Tak Open Refugee centre at Kowloon Bay and the Tuen Mun Closed Centre, Lord Glenarthur said the boat people were being "exceedingly well looked after".

After the visit, Lord Glenarthur flew by helicopter to the border where he was told that about 18,000 illegal immigrants had been arrested and repatriated to China so far this year.

Lord Glenarthur was originally scheduled to leave Hong Kong last night for Manila but had to stay an extra night because of a last-minute flight cancellation.

**UK Minister on Direct Elections, Review**  
*HK200842 Hong Kong SUNDAY STANDARD*  
*in English 20 Sep 87 p 3*

[By Kris Chan]

[Text] The British Government will only throw its weight behind the option of direct elections next year if this is supported by a clear majority of people, said the British Minister of State at the Foreign and Commonwealth Office, Lord Glenarthur, yesterday.

But the minister refused to give an exact definition of what he meant by "a clear majority".

In a press conference yesterday to end his four-day visit to the territory, the minister also hinted that this might be the last review on the local political system.



Lord Glenarthur was originally scheduled to leave Hong Kong last night for the Philippines but was forced to stay over for a fifth day because of a last-minute cancellation of his flight due to a broken aircraft on the runway in Manila airport.

Lord Glenarthur now leaves Hong Kong at 10.40 this morning.

In his opening speech, Lord Glenarthur repeated the British and the Hong Kong Governments' assurance that the present review on representative government would be a genuine one.

He avoided commenting on whether Hong Kong should have direct elections next year, and asked for the public to have patience and wait for the result of the review.

"It would be wrong for me to try to forecast the contents of that report or to pre-judge the outcome of the review. No decision can or will be taken until the review is complete," he said.

However, Lord Glenarthur stressed "a clear majority view of any of the options in the Green Paper would be a political fact to which it would obviously be necessary to give full weight."

But he refused to define what constituted "a clear majority"—whether it meant 40 percent or 50 percent or more of the opinion expressed—despite being pressed several times.

"I don't think it really would be worthwhile going into the final details or semantics on that," Lord Glenarthur said.

And he said at the moment there were no plans for another political review after the present one was finished.

"I am in no position to talk about reviews beyond 1987. I think we have got to get this one over first and then we will have the result in due course followed by the White Paper.

"And I am afraid I have no further plans for a review," Lord Glenarthur said.

When being asked if he felt—after his four-day visit in the territory—the people of Hong Kong were not sufficiently knowledgeable on political and government matters to be given the vote, which is the most common argument of conservatives opposing direct elections next year, Lord Glenarthur gave only an evasive answer.

"I have found in all the talks I have had with people that they are knowledgeable on all sorts of things. I would be the last person to say that they lack knowledge on any particular point," he said.

On the convergence problem of the Basic Law and political reform, Lord Glenarthur said he was confident a practical solution would be found in the end.

"The important thing is that those two should go in parallel and I have every hope that they in fact will do so," he said.

#### Asked for Election Assurances

HK190320 Hong Kong SOUTH CHINA MORNING  
POST in English 19 Sep 87 p 3

[By Stanley Leung]

[Text] Eighteen Legislative Councillors petitioned visiting British Minister of State responsible for Hong Kong, Lord Glenarthur, last night seeking assurances that direct elections be introduced next year if the majority of the people wanted them.

A petition letter drafted by Mr Martin Lee was signed by the members, most of whom declared their support for direct elections to be introduced in 1988 during a Green Paper debate in July.

Mr Lee said he had watered down the letter's contents so that more councillors would support it.

The final version did not call directly for the introduction of direct elections next year, but said they should be introduced if there was majority support for them.

The letter said councillors stressed it was the undoubted duty of the British Government to act according to the wishes of the people of Hong Kong in relation to this vital issue.

"We feel it our duty to point out to you and Her Majesty's Government that it would be highly undesirable for such strong public opinion to be stifled in not introducing direct elections in 1988 if there should be objections from China.

"Such an eventuality would adversely affect the prosperity and stability of Hong Kong as it would make it quite impossible for the British administration in Hong Kong to retain any credibility in the minds of the people of Hong Kong," the letter said.

The signatories were: Mr Chan Kam-chuen, Mr Cheung Yan-lung, Mrs Selina Chow, Mr Chan Ying-lun, Mrs Rita Fan, Mr Yeung Po-kwan, Mr Jackie Chan, Mr Hu Yin-fat, Dr Richard Lai, Dr Conrad Lam, Mr Martin Lee, Mr Lee Yu-tai, Mr Pang Chun-hoi, Mr Szeto Wah, Mrs Rosana Tam, Mr Andrew Wong, Chung Puilam and Mr Poon Chi-fai.

Mr Martin Lee said the Executive Councillors had not signed for fear of embarrassing the Government.

The move is a continuation of the campaign by the "pro-direct election" camp in the council to have direct elections introduced next year.

The letter was submitted to Lord Glenarthur last night before a dinner reception with members of the Executive and Legislative Councils.

Lord Glenarthur said he would comment on the letter at a press conference today.

In last night's dinner in honour of Lord Glenarthur, the Senior Member of the Executive Council, Sir Sze-yuen Chung, raised three major issues for the visiting minister.

They were: political reforms, Vietnamese refugees, and the British National (Overseas) passport issue.

Commenting on political reforms, Sir Sze-yuan said the consultation period would end in two weeks and Hong Kong people were looking forward to the Survey Office's report and the Governor's decision on the subject.

Sir Sze-yuen said members from the two councils were unanimous on the Vietnamese refugee issue. "Ever since this problem surfaced in the late 1970's, Hong Kong has faithfully adhered to its humanitarian stand by accepting, without a single exception, all Vietnamese as an asylum of first call.

"We are grateful to Her Majesty's Government [HMG] for the help given in tackling this issue but, in the light of the increased arrivals this summer and as HMG is responsible for our external relations, it is hoped that HMG will provide some new initiative to resolve this problem."

#### Glenarthur Departs

HK210507 Hong Kong SOUTH CHINA MORNING  
POST in English 21 Sep 87 pp 1, 2

[By Simon Macklin]

[Text] British Minister of State Lord Glenarthur flew out of Hong Kong yesterday, leaving behind a storm of criticism over his failure to take a stand on the question of political reforms for the territory.

And while Legislative Councillors said they sympathised with the minister's difficult position, major criticism centred on his refusal to indicate what would constitute a clear majority of public opinion in the political review.

Legislative Councillor Mr Martin Lee said the people of Hong Kong had been looking to the visiting minister for clarification but instead had received evasive answers.

"I asked Lord Glenarthur what he would consider as a clear majority but he refused to give a straight answer," Mr Lee said.

"I told him the Hong Kong Government was looking to the British Government for direction on this issue.

"Lord Glenarthur was evasive on the questions of direct elections (in the press conference yesterday). I appreciate his difficulties but disagree with his attitude."

Lord Glenarthur said at the Saturday press conference: "I don't think it really would be worthwhile going into the fine details or semantics on that. A clear majority

view on any of the options in the Green Paper would be a political fact to which it would obviously be necessary to give full weight."

Mr Lee said: "I sympathise that the British Government could not commit itself to introduce direct polls next year in view of China's disapproval.

"But the Hong Kong Government, if it is a responsible government, should introduce early direct elections if the majority of the public opt for it despite the Chinese Government's disapproval and the British Government's indifference.

"However, Lord Glenarthur did not say this and it led me to believe that China's influence in the issue was too great for him to make any commitment."

"The British Government's indifference in the current political review is a regression from the review in 1984."

A member of the Hong Kong Observers, Mr Frank Ching, maintained that Lord Glenarthur said "nothing" and was non-committal on the survey results.

He urged the Government to spell out its criteria in assessing the views gathered.

"To me, a clear majority is that the percentage support for direct elections exceeds that of those against. People who hold no opinions should not be seen as opposing direct elections," said Mr Ching.

Legislative Councillor Mr Desmond Lee said he "did not see any firm commitment from Lord Glenarthur on any of the issues raised with him".

"He did not give any clear indication of what would constitute a clear majority of public opinion in the political review.

"I did raise the question with him when we met face to face because I feel some decision has to be made."

The Legco [Legislative Council] member said he did not think the people of Hong Kong had gained much from Lord Glenarthur's visit.

He said: "I do not think we have made any progress even after this visit."

Mr Lee said he understood Lord Glenarthur's position was not an easy one, but he said his attitude had been non-committal.

He said he felt Legco members had done their best to put across the view of the people of Hong Kong.

He said: "I think we achieved a mutual understanding and hope he (Lord Glenarthur) will consider the interests of Hong Kong on an equal footing with those of Britain and China."

But another Legco member, Mr Andrew Wong, said it would be wrong to expect too much from the new minister's first visit.

He said the visit should be kept in perspective, adding that the main thing was for Legco members and others in Hong Kong to establish contact with the minister.

He said Lord Glenarthur appeared well briefed on the main political issues in Hong Kong.

Executive Councillor and Legco member Mr Alen Lee said he hoped Lord Glenarthur had fully appreciated the concerns of the people of Hong Kong.

Speaking to the press before boarding his flight to the Philippines, Lord Glenarthur said that from his point of view the visit had been a tremendous success which he had thoroughly enjoyed.

"I am particularly looking forward to coming back to Hong Kong in the not too distant future," he said.

The Governor, Sir David Wilson, said he was delighted the minister had chosen Hong Kong for his first overseas visit since his appointment to the Foreign Office.

Sir David said he was pleased the minister had had the opportunity to meet so many people during his visit to Hong Kong.

Also at the airport to see off Lord Glenarthur were the Chief Secretary, Mr David Ford, the Senior Member of the Executive Council, Sir S.Y. Chung, Senior Legislative Councillor Miss Lydia Dunn and the senior British Trade Commissioner, Mr Reg Holloway.

**Ninety Percent Support Direct Elections**  
*HK200850 Hong Kong SUNDAY STANDARD*  
*in English 20 Sep 87 p 3*

[Text] More than 90 percent of people who have submitted their views to the survey office set up by grassroots bodies, support the implementation of direct elections to the Legislative Council next year.

This is a 20 percent increase over findings two months ago when the office issued its first report.

The survey office is organised by the Joint Committee on the Promotion of Democratic Government.

Announcing this result yesterday, spokesman Mak Hoi-wah said the office will summarise all views in a report by mid-October.

The findings will also be submitted to the Government's Independent Survey Office for reference.

Another spokesman, Ip Kinman, said the office received 5,569 individual submissions and 1,246 comments and news reports regarding the political review between July 1 and the end of August.

They also summarised the findings of 17 public opinion polls and 214 submissions from groups and organisations.

In the first stage of the public opinion gathering exercise, the office received 704 individual submissions and 105 group representations.

Mr Ip said more than 90 percent of the views gathered support direct elections next year, compared with 70.9 percent in their last survey.

The percentage of objections to one-man-one-vote next year dropped from 29.1 to 6.3 percent.

Most of the people who submitted views believe that direct elections should be introduced gradually. They want to see a legislature with 20 percent directly-elected seats in 1988.

Reasons given for supporting direct elections next year were:

To fulfil the spirit of Sino-British Joint Declaration.

To facilitate a smooth transition.

To ensure Hong Kong residents have sufficient political awareness for universal suffrage.

Mr Ip said 98.8 percent of the individual submissions came from members of the public. Only 140 came from councillors sitting on various councils and boards, Basic Law drafters and Basic Law Consultative Committee members.

Labour groups dominated the organisation submissions, followed by community groups and commercial bodies.

**One-Third of Residents Consider Leaving**  
*HK190409 Hong Kong HONGKONG STANDARD*  
*in English 19 Sep 87 p 2*

[By Kathy Chan and Matthew Leung]

[Text] More than one-third of Hong Kong residents are pondering the possibility of emigrating because they have no confidence in the territory's future, according to a survey by educators.

The anxiety to leave is not evident among young professionals earning more than \$10,000 [currency not specified] a month.

Organisers of "The Concerned Staff of Tertiary Educational Institutions for Constitutional Developments" claimed the two-month survey was by far the comprehensive for gauging local views on the political future.

The group was formed in July and comprises educators from six tertiary education institutions.

About 100 volunteers were mobilised to conduct door-to-door interviews with about 1,000 families throughout the territory. More than 30 percent of respondents said they were studying the possibility of moving out.



The findings, which will be officially released on Monday, showed nearly half of those aged between 25 and 34 wanted to emigrate. About 42 percent of those aged below 24 showed a similar inclination.

The survey also found that 60 percent of those who had received tertiary education wanted to go.

Those engaged in administrative and managerial employment topped the list of professionals wanting overseas resettlement. This was followed by salesmen, traders, and technicians.

Among those intending to leave, nearly half live in private housing, 40 percent in Home Ownership Scheme Flats, and 30 percent in public housing.

The big question as to whether the standard of living would deteriorate after 1997 had apparently upset many people.

The poll revealed most of those wanting to leave feared the standard of living would drop. Only nine percent said the standard would improve after a change of flag.

Half of those who thought of emigration hoped direct elections to the legislature could be introduced before 1990.

Commenting on the performance of the Hong Kong Government, half of the respondents said it was working well. Two-thirds said it could maintain the stability and prosperity of Hong Kong.

However, only one-third of the respondents said the Hong Kong Government respected public opinion.

This line of thought extended to the post-1997 government. Only 12 percent said the future government would pay more respect to public opinion.

On the Government's political Green Paper, 80 percent of the respondents said they would not forward their views to the Government Survey Office because many did not understand what it was about.

One-third of the respondents said both the Chinese and British governments would respect public opinion. Eight percent said Britain would be more receptive to local views than China and only one-half percent thought vice-versa.

Meanwhile, 35 percent of the respondents supported direct election next year. Twenty percent said it should be introduced in 1990, while 22 percent said it should be conducted between 1991 and 1997.

**XINHUA 'Political Swap Plan' Viewed**  
HK180711 Hong Kong HONGKONG STANDARD  
in English 18 Sep 87 p 2

[By Matthew Leung]

[Text] The Hong Kong branch of the *Xinhua News Agency* is promoting its "political swap plan" to the people of Hong Kong by calling for direct elections to the

Legislative Council to be held in 1991 instead of next year.

A number of officials at the *Xinhua News Agency* had floated "test balloons" in the past few months to see if local groups would oppose a move to defer direct elections for three years.

The idea was clearly spelled out by the agency's Deputy Secretary-General, Mr Mao Junnian, at meetings with local groups in the past few weeks.

It was by far the most explicit message from China on direct elections since the head of the Chinese side of the joint Liaison Group (JLG), Mr Ke Zaishuo, said in July that they (the Chinese) had no significant views against direct elections.

He told reporters after the seventh round of the JLG talks in London that if direct elections were a part of the democratic process, China would support and promote such a process and that this was spelled out quite clearly.

During the informal "chats" *Xinhua* officials stressed that local views were divided on the timetable for the introduction of direct elections.

They also reiterated that it would be "a constitutional pre-empting" of the Basic Law if elections were to be introduced next year.

One pro-Beijing group, the Hong Kong and Kowloon Metal Industry Workers' General Union, said in a recent submission that direct elections should be held by 1991.

This would enable the elections to converge with the Basic Law which is scheduled to be promulgated by 1990.

Political observers believe the plan is yet another "soft-sell" tactic by Chian following the call two weeks ago by the local head of the *Xinhua News Agency*, Mr Xu Jiatun, for a political compromise between rival groups.

They were of the view that the gathering momentum of local support for direct elections next year had led China to reassess its lobbying tactics in the territory.

They said that instead of issuing stern warnings against early direct elections and mobilising leftwing groups to forward similar views to the Government's Survey Office, China may find it necessary to make "some political concession" to placate the people of Hong Kong.

Observers feel more leftwing groups will promote this "swap plan" before the four-month public consultation on the political Green Paper ends in a fortnight's time.

#### Macao

**XINHUA Branch Office Opens 21 Sep**  
HK210511 Hong Kong SOUTH CHINA MORNING  
POST in English 21 Sep 87 p 3

[By John Steinhardt in Macao]

[Text] China's role in Macao takes a new turn today as

the *New China News Agency* (NCNA) opens a branch in the Portuguese territory.

The event marks China's increasing influence in the run-up to the 1999 sovereignty change and ends a controversy which pitched Beijing against those who spread rumours about an impending dominance by NCNA over incumbent mainland representative the Nam Kwong Company.

The opening signifies the rise of the official NCNA and the apparent eclipse of Nam Kwong.

A plaque bearing NCNA's name will today be placed at the marble entrance of Macao's Bank of China, overshadowing three smaller ones on the bank's iron grille door.

The three plaques belong to the Nam Kwong companies, which became a group in an expansion move in 1985.

Mr Ke Zheng-ping, the founder of Nam Kwong in the late 1940s before the People's Republic of China and its general manager today, said the Nam Kwong Company and the Nam Kwong (Group) Company would continue its operations after the NCNA opened in Macao.

Both Nam Kwong Company and Nam Kwong (Group) Company will now concentrate on economy and trades, while the NCNA will be a State Council unit handling political matters.

Mr Ke confirmed that he would be the adviser to the NCNA as well as general-manager of Nam Kwong Company.

He revealed that the NCNA would construct a building opposite the Oriental Hotel as its Macao head-quarters.

Mr Ke said the relationship between the NCNA in Macao and the branch in Hong Kong would be "a brotherhood".

He said that he would not leave Macao but would "retreat to the second front" because of his age. He is now 76.

The Macao branch will be headed by Mr Zhou Ding, formerly the deputy general manager of Nam Kwong Company. The two deputy directors will be Mr Hu Houcheng and Mr Wang Wenbin, also both deputy general managers of Nam Kwong Company.

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